2002-03 Annual Report

Government of Alberta

Report to Albertans on Budget 2002

Alberta
GOVERNMENT OF ALBERTA

This is the report to Albertans on **Budget 2002 – The Right Decisions for Challenging Times**. It is a permanent public record of ALL the dollars spent and the results achieved by the Government of Alberta for the 2002-03 fiscal year.

103-05921/

ACCOUNTABILITY STATEMENT

The government's Annual Report for the year ended March 31, 2003 was prepared under my direction on behalf of the government in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at June 17, 2003 with material economic or fiscal implications have been considered in the preparation of the Annual Report.

Patricia L. Nelson
Minister of Finance

BUDGET 2002

THE RIGHT DECISIONS FOR CHALLENGING TIMES

A MESSAGE FROM THE MINISTER OF FINANCE

The Government of Alberta's fiscal plan for 2002-03 delivered on its commitment to Albertans to target dollars to priority areas and preserve Alberta's advantage as the lowest taxed province in Canada. We began fiscal year 2002-03 in an environment of uncertainty and delivered a budget, titled *The Right Decisions for Challenging Times*, to take on these challenges and look for new opportunities to build on the Alberta Advantage.

The results suggest the government made the right decisions as Alberta weathered a tumultuous year that was influenced by both global and local conditions. The stock markets suffered a serious downturn and the government, like all investors, experienced investment losses. The drought worsened and forest fires raged throughout the province. War in Iraq, labour unrest in Venezuela and a colder than normal winter in North America contributed to the ongoing volatility of oil and gas prices. Despite these challenges, we stayed on target. We targeted dollars towards priority programs and met our commitment to carry on with health reform and a review of the basic education system. We also reviewed how the province managed its finances and began to lay the groundwork for a bold new fiscal framework for the future.

The Government of Alberta Annual Report shows Albertans the government's financial and performance results for the past year and compares our actual results to the budget plan.

ADDRESSING ALBERTANS' PRIORITIES

Health and education continued to be priority areas in 2002-03. Along with health reform and the establishment of Alberta's Commission on Learning, 60 per cent of the government's budget was allocated to health and education. New health initiatives were introduced to reduce smoking, prepare for an aging population and encourage healthy eating and physical activity. Over 700 projects were supported by the Alberta Initiative for School Improvement to improve learning opportunities for Alberta students. Over twenty thousand students received a total of $35 million in scholarships.

We acted on Albertans' calls for government to get off the energy roller coaster. A team of business leaders reviewed Alberta's fiscal framework and recommended ways to build on our solid fiscal reputation. Government accepted most of the Financial Management Commission's recommendations, which included a capital plan and a sustainability fund to protect priority programs and capital projects from the ups and downs in resource revenue. Most of the recommendations will be implemented in 2003-04.

RESPONDING TO CHALLENGES

Government made a number of difficult decisions in fiscal year 2002-03 to ensure core programs were protected. In an effort to address the impact of tobacco-related illnesses on the health system and to discourage young people from starting smoking, tobacco taxes were raised by $2.25 a pack for cigarettes. Health care premiums increased, as did motor vehicle fees, highway traffic fines and liquor markups.

The result of those difficult decisions was that the province delivered a balanced budget for the ninth consecutive year and put more money aside for debt reduction. Albertans continue to have the lowest tax burden in Canada and the highest personal disposable income per capita of any province. We have the highest real gross domestic product and investment per capita among the provinces.

When the worst drought in over 130 years devastated Alberta agriculture producers, the government was able to step up to the plate with nearly $1.3 billion in relief. We were able to put cash aside in a Capital Account to help pay for critical infrastructure projects and start the Alberta Sustainability Fund.

The government made critical decisions in 2002-03 to prepare Alberta for the future. At the same time we balanced our budget, targeted dollars towards core programs and maintained low taxes. We faced difficult challenges head on and made the right decisions for Albertans that will make this province even stronger for future generations.

Patricia L. Nelson
Minister of Finance

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The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 ministries.

This annual report of the Government of Alberta contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the Measuring Up report.

The annual reports of ministries, released in the fall of each year, contain Ministers' accountability statements, the audited consolidated financial statements of the ministries and a comparison of actual performance results to desired results set out in the ministries' business plans. Each ministry annual report also includes:

- financial statements of entities making up the ministry including departments (all departments combined form the General Revenue Fund), regulated funds, provincial agencies and Crown-controlled corporations,
- other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of financial statements, to the extent that the ministry has anything to report, and
- financial information relating to accountable organizations and trust funds.

Executive Summary

The Government of Alberta Annual Report is comprised of two parts:

- ***Consolidated Financial Statements***, which provide an overall accounting of the Government's revenue and spending, and assets and liabilities.
- ***Measuring Up***, which reports on the progress that has been made towards achieving the government's goals.

Annual reports for each ministry are published in September and provide additional detailed information on performance and financial results.

OVERVIEW

Budget 2002 - The Right Decisions for Challenging Times set out a fiscal plan to deal with uncertain times. Leading up to *Budget 2002*, economic growth in North America and the world had slowed more sharply than expected; Alberta farmers had faced their worst drought in over 130 years; and energy prices had dropped dramatically. With this as a backdrop, *Budget 2002* set out a plan to address economic uncertainty and Albertans' key priorities by:

- responding to changing world economic conditions,
- starting the implementation of health reforms,
- allocating available dollars to key priorities,
- maintaining Alberta's overall economic and tax advantages, and
- balancing the budget and continuing debt repayment.

The commitments set out in *Budget 2002* were met:

- The budget was balanced for the ninth consecutive year and debt was reduced.
- Economic and tax advantages were maintained. Business taxes were reduced. Despite slower economic growth in 2002, Alberta continued to have one of the lowest unemployment rates in Canada and the highest personal disposable income per capita.
- Implementation work began on the recommendations of the Premier's Advisory Council on Health and a review of the basic education system was started.
- The government responded to continuing drought conditions providing nearly $1.3 billion in additional unbudgeted assistance during the year for agriculture and forest fire-fighting costs.
- A major review of the province's fiscal framework was undertaken. A new fiscal framework was approved and is being implemented in 2003-04. The framework is expected to bring more sustainability and predictability to fiscal planning.
- Part of the new fiscal framework is a commitment to a more sustainable capital plan. This includes the establishment, in 2002-03, of a $910 million Capital Account to be used to help fund capital projects starting in 2003-04.

FISCAL HIGHLIGHTS

- The year-end economic cushion (excluding pension provisions) was $1.989 billion compared to the 2001-02 cushion of $772 million and the 2002-03 budget estimate of $724 million.
- Revenue was $22.7 billion. This was $737 million, or 3.4%, higher than the previous year and $2.8 billion higher than budgeted.
- Expense (excluding pension provisions) was $20.5 billion. This was $335 million, or 1.6%, lower than in 2001-02, but $1.463 billion higher than estimated in the budget. The net increase in capital assets affecting operations was $191 million. This was $145 million lower than in 2001-02 but $98 million higher than budgeted.
- Accumulated debt net of cash set aside for future debt repayment was reduced to $4.736 billion.

- Overall, 2002-03 results were slightly better than forecast in the Third Quarter Fiscal Update. Revenue was up $85 million, reflecting stronger non-renewable resource revenue offset by lower corporate income tax revenue and investment income.

  Total spending (including the net change in capital assets affecting operations) was down $139 million, reflecting lower debt servicing costs and program expense partly offset by higher capital investment.

- In 2002-03, pension provisions increased from the budget and the previous year to $156 million, reflecting weaker returns of pension funds and salary increases that exceeded actuarial assumptions.

  The *Fiscal Responsibility Act* excludes pension provisions from the calculation of the economic cushion. Pension provisions represent the net change in unfunded pension obligations. Unfunded pension obligations are scheduled for elimination under a separate legislated plan. Including pension provisions, the net results of operations for 2002-03 was $1.833 billion.

Fiscal Summary
(millions of dollars)

	2002-03			2001-02
	Budget	3rd Quarter	Actual	Actual
Revenue	**19,855**	**22,596**	**22,681**	**21,944**
Expense				
Program	18,453	20,173	20,025	20,062
Debt servicing costs	585	550	476	774
Pension provisions	58	67	156	29
Total expense	**19,096**	**20,790**	**20,657**	**20,865**
Net revenue	759	1,806	2,024	1,079
Less: Net increase in capital assets affecting operations	93	108	191	336
Net results of operations	666	1,698	1,833	743
Removal of pension provisions	58	67	156	29
Economic Cushion*	**724**	**1,765**	**1,989**	**772**

* Subject to the *Fiscal Responsibility Act*

ECONOMIC AND TAX HIGHLIGHTS

ECONOMY

- Alberta's real economic growth slowed to 1.7% in 2002 due to restrained investment, lower energy prices and weak agriculture exports. Alberta's economic growth is expected to rebound to 3.6% in 2003.
- Despite slower economic growth, employment in Alberta grew by 2.6%, translating into 41,700 new jobs. Alberta also registered the second-lowest unemployment rate among provinces at 5.3%.
- Alberta had the highest personal disposable income per capita of any province in 2002. Alberta's personal disposable income per capita was almost $2,700 (12.1%) above the Canadian average.
- Alberta continues to have the highest real gross domestic product (GDP) and investment per capita among the provinces. In 2002, the number of businesses in Alberta increased by 2.4%, the strongest growth of any province in Canada.

- In 2002, Alberta attracted 26,740 people (net) from other provinces in Canada. As a result, Alberta experienced the strongest population growth among provinces. As of July 1, 2002, Alberta's population was estimated to be 3,113,586, an increase of 54,479 persons, or 1.8% from July 1, 2001.
- The household sector was very strong in 2002, with retail sales growing faster than in any other province (8.3%). Also, Alberta's housing starts reached a near-record level of 38,754, a 33% increase over 2001 and the highest level since 1979.
- Real non-residential business investment was down by approximately 2.7% in 2002, driven by a drop in conventional energy sector activity. The average number of rigs drilling in 2002 decreased by 22.3% compared to 2001. The decline in the conventional sector was tempered by a rise in oil sands investment to $6.8 billion dollars.
- Alberta's manufacturing shipments declined 3.4% in 2002, but began recovering in the final four months of the year. The agricultural sector, hit by a severe drought, shrunk by 28.4% in 2002. According to Statistics Canada, international agricultural exports dropped 23.4%, with the value of crop exports falling 27.4% while exports of livestock and animal products declined 13.9%.
- Alberta's annual inflation rate of 3.4% in 2002 was due in part to increases in tobacco taxes and insurance premiums, as well as inflation anomalies associated with various natural gas rebates provided in prior years.

TAX AND FEE CHANGES

- Albertans paid the lowest personal taxes in Canada in 2002-03, with a personal tax load of 54.1% of the national average. With the indexing of the personal tax system to inflation, the tax advantage gained when the single-rate tax was introduced in 2001 has been maintained. Taxpayers saved $75 million in 2002 because of indexing.
- In 2002-03, the government reduced business taxes by $81 million. On April 1, 2002, the general rate was cut from 13.5% to 13%, the small business rate was reduced from 5% to 4.5%, and the small business threshold was increased from $300,000 to $350,000.
- Health care insurance premiums were increased to provide increased funding for health care. To protect lower-income Albertans, premium subsidies were increased.
- Tobacco taxes were increased substantially in 2002 to discourage Albertans, especially young Albertans, from smoking.
- The school property tax mill rates were cut by 1%, marking the ninth straight year that the government has cut or frozen the provincial uniform school property tax rates. However, the freeze on school property tax revenue that was in place in 2001 was lifted, allowing for growth in the property tax base to be captured and used for basic education funding. In 2002-03, school property tax revenue was $1.1 billion. This was less than the revenue received in 1994-95, the year the province assumed responsibility for full provincial funding for basic education.
- Motor vehicle fees, highway traffic fines and liquor markups were increased.

KEY PROGRAM INITIATIVES

HEALTH

- The implementation of the recommendations of the Premier's Advisory Council on Health began in 2002-03, including:
  - Moving to nine regional health authorities effective April 1, 2003. Steps were also taken to integrate community and facility-based mental health services and to make health authorities more collaborative, innovative and accountable.
  - Implementing AADAC's Tobacco Reduction Strategy. Tobacco tax rates were raised to provide a financial incentive to reduce the use of tobacco products and to provide some increased funding for tobacco reduction initiatives.

- Launching a province-wide information and education campaign to raise awareness about the importance of healthy eating and regular physical activity.
- Setting up a Health Services Utilization and Outcomes Commission to provide an ongoing assessment of Alberta's health system and to report publicly on the system's performance and quality of service.

- Changes were made to the Alberta Labour Relations Code to streamline bargaining in the health sector, help ensure all workers are treated fairly and consistently and, ultimately, lead to better health services for Albertans.
- Alberta's new Healthy Aging and Seniors Wellness Strategic Framework, 2002-2012, was established for the development of programs and services to support health in an aging population.
- The Pharmaceutical Information Network (PIN) was implemented on a pilot basis. Once fully implemented, the PIN system will allow for the electronic exchange of medication information and provide timely information on the best medication to treat specific problems.
- Alberta became the first province to include meningococcal and pneumococcal vaccines in its routine infant immunization program. These vaccines will help protect against meningitis, middle ear infections and some other infections.
- A process was established to resolve intergovernmental disputes in the interpretation of the *Canada Health Act*.

EDUCATION

- Alberta's Commission on Learning, an independent panel representing a broad cross-section of Albertans and education experts, was established to conduct the first comprehensive review of Alberta's education system since 1972. The Commission released a status report in February 2003, highlighting the major themes that emerged during the public consultation process.
- The Alberta Initiative for School Improvement (AISI) continued to help in development of new ideas and effective techniques to improved learning through more than 700 projects across Alberta. AISI gives schools the flexibility to propose a range of improvement strategies including virtual learning, early literacy, and student assessment.
- Over 2,800 ongoing post-secondary student spaces and over 5,100 apprenticeship seats were created through the Access Fund.
- The province disbursed $89 million in student loans in 2002-03. The Alberta Student Loan Relief Benefit and the Loan Relief Completion Payment continued to reduce debt automatically for students in their first and final years of study respectively. These programs provided $66 million in debt reduction in 2002-03.
- About 20,000 students received $35 million in scholarships in 2002-03. The amount of scholarship money available for Alexander Rutherford Heritage Scholarships was increased to address an increase in eligible applicants. In addition, 165 new scholarships of $1,000 were awarded to Alberta apprentices.
- An additional $11 million was provided to attract and retain high-quality faculty, especially in critical areas such as medicine, computer science, engineering and business.

AGRICULTURE

- The severe drought conditions in 2002 triggered a record-breaking year of crop insurance payouts to provincial producers of over $800 million. In addition, a $324 million Farm Income Assistance Program was implemented to aid agricultural producers in dealing with the drought conditions.

- In 2002, Alberta signed the new Agricultural Policy Framework agreement with the federal government, which focuses on environmental stewardship, food safety, science and innovation, farm sector renewal and risk management. Negotiation of the federal-provincial bilateral agreements for the five-year Agricultural Policy Framework will be completed in 2003-04.

SOCIAL SERVICES AND HOUSING

- A multi-year Canada/Alberta Affordable Housing Agreement was signed in 2002-03. In the initial year, $17 million was spent to support the development of over 420 new affordable housing units for lower income Albertans.
- Effective November 1, 2002, parents who find a job and no longer receive financial benefits through Supports For Independence were able to keep their health benefits, subject to an annual review of their employment income.
- Implementation of the new Alberta Response Model, including increased funding support for local prevention and early intervention services provided by the Family and Community Support Services program, realized positive outcomes for children and youth. The trend of increasing child welfare caseloads has been reversed with a 6% reduction in 2002-03.

STRONG AND SAFE COMMUNITIES

- The new $30 million Community Initiatives Program, funded by the Alberta Lottery Fund, was introduced in 2002-03. It provided over 1,200 grants in support of smaller, project-based initiatives in areas such as community services, seniors' services, libraries, arts and culture, and sports and recreation.
- Funding was provided to initiate the development of a new, more-secure Alberta driver's licence and to update related equipment.
- The small claims court limit was raised to $25,000, the highest level in Canada. The increase will allow more Albertans to pursue claims in Provincial Court, which is simpler and less expensive than appearing in Court of Queen's Bench.
- The AMBER ALERT program was established. This voluntary program between broadcasters and police services is designed to send emergency warnings to the public immediately following child abduction.
- A cross-ministry strategy for consulting with aboriginal groups on resource management issues was developed.
- The Minister's Provincial/Municipal Council on Roles, Responsibilities and Resources in the 21st Century continued its work in addressing the pressures of growth.
- Construction of Alberta SuperNet continued. Forty-six facilities in Rocky Mountain House, Benalto, Condor, Eckville, Leslieville, Sylvan Lake and Red Deer were connected to Alberta SuperNet. In addition to construction progress, agreements have been signed to acquire access to bandwidth on several thousand kilometers of fibre optic cable for use in the urban and rural areas of the network.

ENVIRONMENT

- The government proposed a legislative framework to implement the Climate Change Action Plan.
- Work proceeded on developing a provincial water strategy including a Minister's Forum on Water and public consultations.
- Drought conditions in 2002-03 resulted in a record year for forest fire-fighting expenditures, with about $300 million being spent. The government recovered $50 million from forest fire insurance coverage.

FINANCIAL RESULTS

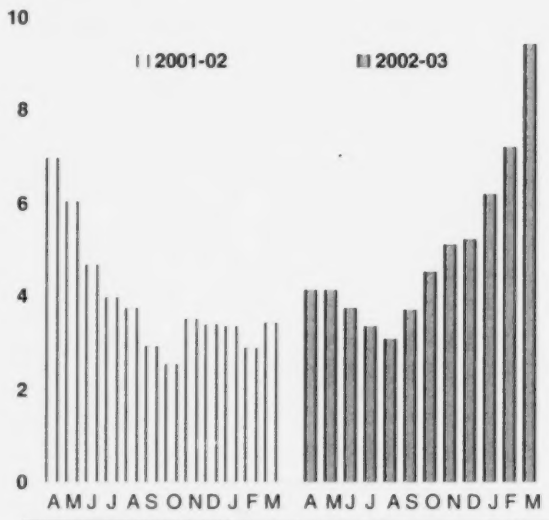
- The province ended the year with an economic cushion of $1.989 billion, close to $1.3 billion higher than budgeted. Higher-than-budgeted non-renewable resource revenue was partly offset by lower investment income and increased costs related to drought conditions in the province.
- The cash available from the economic cushion was allocated to debt repayment and a newly established Capital Account. Primarily due to the lag in receiving natural gas royalties, some of the cash from the accrued 2002-03 economic cushion will not be available until 2003-04. This cash will be deposited into the new Alberta Sustainability Fund.
- Significant changes to the fiscal framework are being implemented in the 2003-04 fiscal year, as a result of the work of the Financial Management Commission. The new framework is designed to bring increased sustainability to fiscal planning, and more predictability and continued discipline to operating and capital spending. The commitments to balanced budgets and debt repayment will remain part of the new fiscal framework.

REVENUE

- **Total revenue** was $22.7 billion. This was $737 million, or 3.4%, higher than in 2001-02 and $2.8 billion higher than estimated in the budget. Higher non-renewable resource revenue was the main reason for the increase.
- **Non-renewable resource revenue** was $7.1 billion. This was $903 million higher than in 2001-02 and $3.4 billion higher than estimated in the budget. The increase reflected higher energy prices due to declining natural gas production, colder than normal fall and winter weather in key gas consuming regions, Middle East tensions, and disruption of oil supplies from Venezuela.

  Natural gas prices averaged Cdn$4.98 per thousand cubic feet in 2002-03. This was $1.04 higher than in 2001-02 and $1.98 higher than the budget estimate. Oil prices averaged US$29.13 per barrel in 2002-03, $4.96 higher than in 2001-02 and $9.13 higher than the budget estimate.

Natural Gas Prices, 2002-03
Alberta Reference Price
Monthly Average, (Cdn$/mcf)



- **Tax revenue** was $9.6 billion. This was an increase of $624 million or 7%, from 2001-02 and $705 million higher than budgeted. The increase from 2001-02 was primarily due to higher personal income tax revenue and higher tobacco tax revenue. The increase from budget was primarily due to higher-than-estimated corporate income tax revenue.

  Personal income tax revenue increased by $651 million, or 15.6 %, from 2001-02. This reflected, in part the $320 million energy tax refund paid in 2001-02. Personal income tax revenue was $126 million higher than budgeted.

  Corporate income tax revenue declined by $210 million, or 9.4%, from 2001-02. The lower revenue reflected corporate income tax cuts and a decline in corporate profits. The decline in revenue was less than expected in the budget.

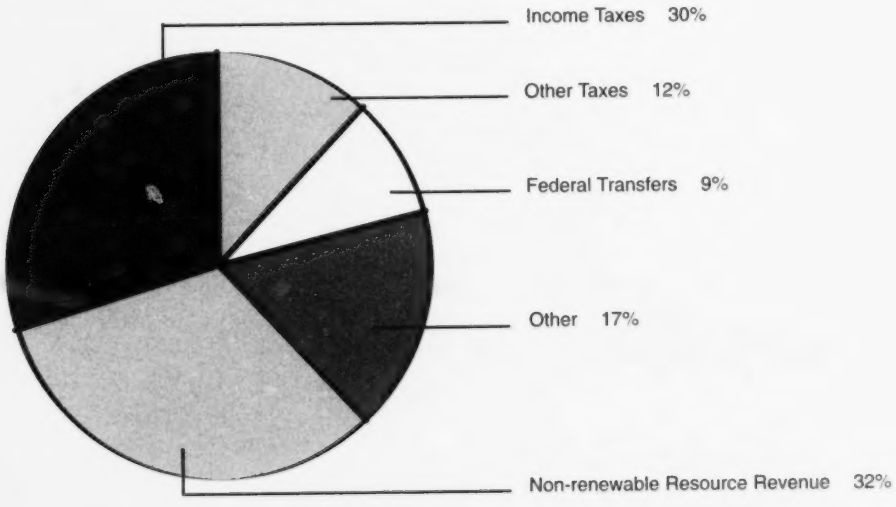
Tobacco tax revenue increased by $245 million, or 65.7%, from 2001-02. This reflected the increase in tobacco taxes, including the increase in cigarette taxes from $1.75 to $4.00 per pack. The volume of tobacco sold in the province declined by about 20%. Tobacco tax revenue was $15 million lower than the budget estimate.

Other tax revenues declined by $62 million, or 2.8%, from 2001-02 but were $125 million higher than estimated in the budget. This primarily reflected a smaller decline in freehold mineral rights tax revenue than was expected in the budget.

- **Transfers from the Government of Canada** were $2.1 billion, down $190 million, or 8.4%, from 2001-02 and $94 million from the budget estimate. Lower Canada Health and Social Transfers, due to revised tax assessment data, were partly offset by higher federal agriculture support payments.
- **Investment income** recorded a loss of $462 million, a $1.2 billion decline from 2001-02 and $1.6 billion lower than estimated in the budget. Weak equity markets resulted in a nearly $1.1 billion loss in Heritage Fund and other endowment funds. This loss includes a $764 million write-down in assets, where the value is considered permanently impaired, and net realized losses of $292 million.

  Other investment income, primarily from the Alberta Municipal Financing Corporation (AMFC), Debt Retirement Account, and Agriculture Financial Services Corporation, totaled $594 million, about $46 million lower than 2001-02, and $45 million higher than the budget estimate.
- **Revenue from all other sources** was $4.3 billion, $650 million, or 17.6%, higher than 2001-02 and $445 million higher than budgeted. The increase from 2001-02 was primarily due to higher net revenues from health care insurance premiums ($206 million), refunds of expenditure ($118 million, primarily forest fire insurance and agriculture reinsurance recoveries), AMFC transfer ($100 million), Alberta Gaming and Liquor Commission ($95 million), and Alberta Treasury Branches ($41 million). The increase from budget primarily reflected higher net revenues from Alberta Treasury Branches, private crop reinsurance recoveries and forest fire insurance recoveries.

Revenue
(Percentage)



SPENDING

- **Expense** (excluding pension provisions) was $20.5 billion in 2002-03. This was 1.6%, or $335 million, lower than in 2001-02. Higher spending on programs and disaster and emergency assistance was offset by lower expense for capital purposes (primarily capital grants to local authorities) and lower debt servicing costs.

- **Total capital spending** was reduced from $2.9 billion in 2001-02 to $995 million in 2002-03. This includes capital investment in government-owned assets, grants to local authorities for capital purposes and other infrastructure support. The decline reflected both significant one-time capital funding in 2001-02 and the deferral of some announced capital projects in the latter half of 2001-02 which continued in 2002-03. As part of the changes in the province's fiscal framework being implemented in 2003-04, a more predictable and sustainable three-year Capital Plan has been developed for 2003-06. It will average about $1.85 billion a year.

- **Health** spending was $6.9 billion in 2002-03. This was an increase of 1.2%, or $80 million, from 2001-02 and essentially unchanged from the budget estimate. The year-over-year change reflects about a 9% increase in regional and province-wide health services, physician services, drug costs and other health programs, largely offset by lower capital spending on health facilities and equipment.

  In 2001-02, $539 million in capital funding was provided for health facilities and equipment, mostly on a one-time basis. Health capital funding was $43 million in 2002-03. It is forecast to average $324 million a year under the new 2003-06 Capital Plan.

- **Education** spending was $5.5 billion in 2002-03. This was a decrease of 10.4%, or $636 million, from 2001-02 but a 2.3% increase from budget. The year-over-year change reflects an approximately 6% increase from 2001-02 in basic and post-secondary operating grants, teacher pension costs, and other education/training program costs which was more than offset by lower spending on education capital projects.

  In 2001-02, over $1 billion was provided for basic and post-secondary capital projects, reflecting significant one-time capital funding under the New Century School Plan and for post-secondary projects. Education capital funding was $114 million in 2002-03. It is forecast to average $294 million a year under the new 2003-06 Capital Plan.

- **Agriculture and Economic Development** spending was $2.2 billion in 2002-03. This was an increase of 43.3%, or $652 million, from 2001-02 and $1.1 billion higher than budgeted. The increase was due to higher agriculture assistance as a result of continued drought conditions in the province. Part of the increase in spending was offset by increased revenue from federal agriculture assistance programs and crop re-insurance.

Capital Spending[a]

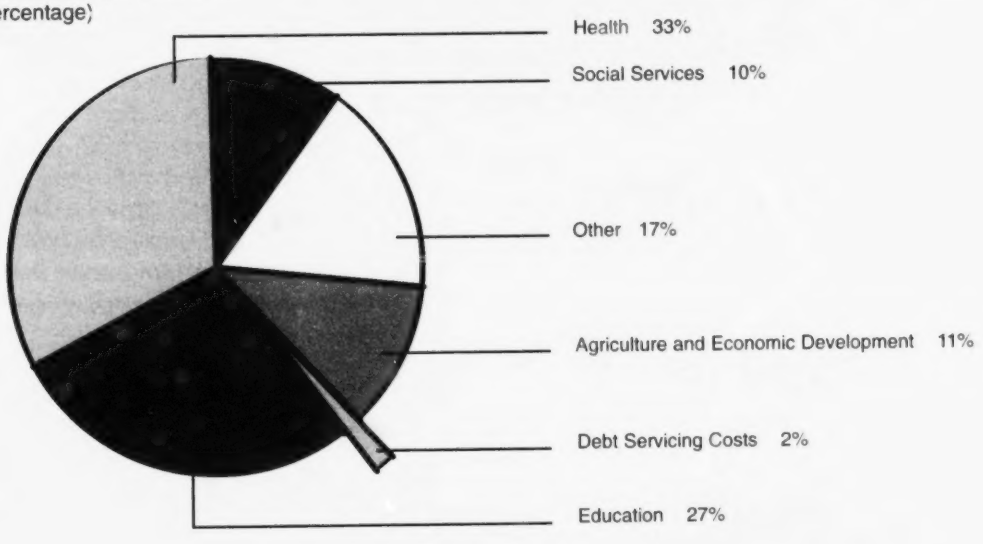
(millions of dollars)

	2001-02	2002-03		2003-06
	Actual	Budget	Actual	Annual Average
Provincial highway network	568	265	370	509
Municipal transportation grants	262	91	102	298
School facilities and equipment	713	59	81	170
Post-secondary facilities	329	16	33	124
Health facilities and equipment	539	59	43	324
Water and wastewater management	111	85	95	87
Community facilities	44	33	40	70
Housing	27	16	40	43
Other infrastructure programs	129	87	96	40
General government capital	158	150	97	183
Total Capital Plan	**2,880**	**861**	**995**	**1,848**

[a] Includes capital investment in government-owned assets, grants to local authorities for capital purposes and other infrastructure support. Does not include capital amortization.

- **Social Services** spending was $2 billion in 2002-03. This was a 4.2% increase, or $81 million, from 2001-02 and essentially unchanged from the budget estimate. The increase from 2001-02 reflects higher spending on children's services, persons with developmental disabilities, Assured Income for the Severely Handicapped and seniors' programs.
- **Environment and Resource Conservation** spending was $694 million in 2002-03. This was an increase of 20%, or $116 million, from 2001-02 and $258 million higher than budgeted. The increase was due to higher forest fire-fighting costs.
- **Transportation and Utilities** spending was $655 million in 2002-03. This was a decrease of 26.2%, or $233 million, from 2001-02 but slightly higher than budgeted. The decrease from 2001-02 primarily reflects the acceleration of transportation grant payments to municipalities in 2001-02.
- **Other Program** spending was $2.2 billion in 2002-03. This was a decrease of 4.3%, or $97 million, from 2001-02 but $109 million higher than budgeted. The decrease from 2001-02 was due to the 2001-02 energy rebates. The increase from budget reflected a range of initiatives, including the Canada/Alberta Affordable Housing Agreement, development of a new driver's licence, municipal disaster recovery assistance, and the Community Initiatives Program.
- **Debt Servicing Costs** were $476 million in 2002-03. This was $298 million lower than in 2001-02 and $109 million lower than estimated in the budget. Lower debt servicing costs reflected lower debt levels and a decrease in the foreign exchange provisions on debt held in U.S. dollars due to a stronger Canadian dollar.
- **Net Increase in Capital Assets Affecting Operations** – Capital investment of $537 million in government-owned assets exceeded amortization costs by $191 million. The net change was $145 million less than in 2001-02 (reflecting lower overall capital spending), but $98 million higher than budgeted.
- **Pension provisions** were $156 million in 2002-03. This was $127 million higher than in 2001-02 and $98 million higher than estimated in the budget. The increase reflected weaker returns of pension funds and salary increases that exceeded actuarial assumptions.

Expense by Function[a]
(Percentage)



[a] Excludes $156 million in pension provisions.

NET ASSETS AND ACCUMULATED DEBT

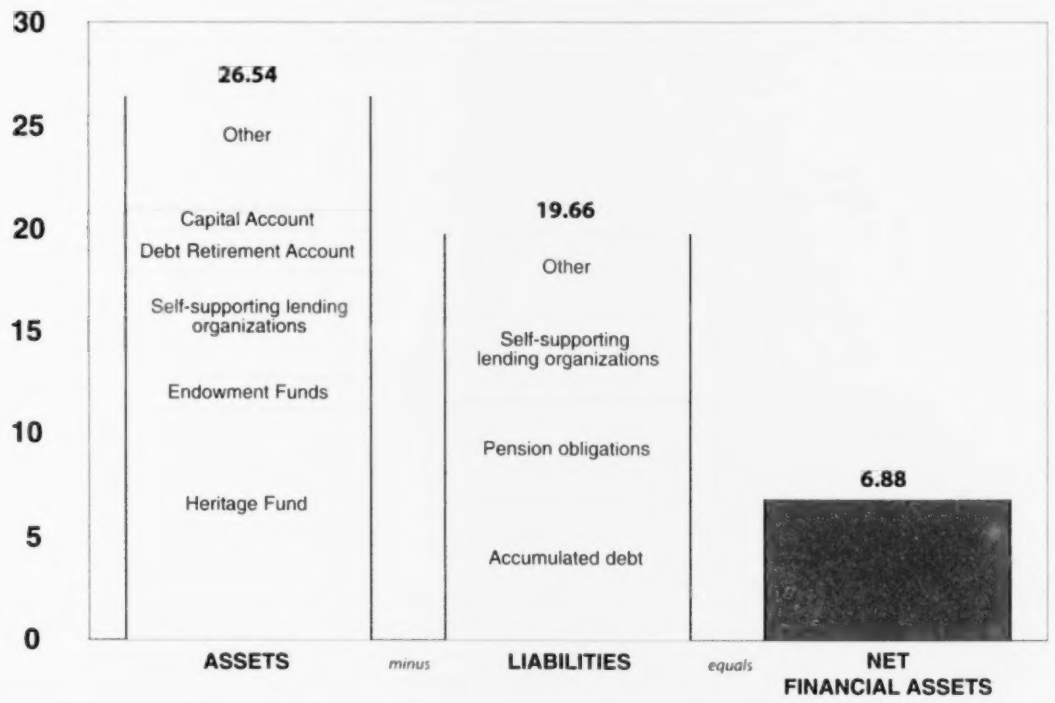
- The Province had net financial assets (including pension obligations) of $6.9 billion as of March 31, 2003. In addition, the Province had capital assets of $10.3 billion.
- Accumulated debt net of cash set aside for future debt repayment was $4.7 billion as of March 31, 2003. This was $525 million lower than in 2001-02 and approximately ten years ahead of the legislated schedule
- The reduction in accumulated debt was greater than forecast in the Third Quarter Fiscal Update. The appreciation of the Canadian dollar at the end of the fiscal year reduced the cost of debt held in U.S. dollars by approximately $25 million.
- $910 million of the 2002-03 economic cushion was allocated to the new Capital Account.
- Primarily as a result of the lag in receiving natural gas royalties, some of the cash from the accrued 2002-03 economic cushion will not be available until 2003-04. The remaining net cash, to be received in 2003-04, will be allocated to the new Alberta Sustainability Fund.

Accumulated Debt
(millions of dollars)

	2001-02	2002-03
Accumulated debt (start of year)	10,265	8,416
Repayment of debt maturities	1,849	1,670
Accumulated debt (end of year)	8,416	6,746
Cash set aside for future debt payment	2,741	2,010[a]
Accumulated debt less cash set aside	**5,675**	**4,736**
Cash committed but not transferred until 2002-03	414	
	5,261	

[a] Includes $414 million in cash committed in 2001-02 but not transferred until 2002-03.

Assets, Liabilities and Net Financial Assets at March 31, 2003
(billions of dollars)



MEASURING THE GOVERNMENT'S PERFORMANCE

The government's activities are focused on three core businesses: **People, Prosperity** and **Preservation**. The goals chosen for each of the core businesses reflect the government's priorities for protecting the quality of life in Alberta, while maintaining a commitment to fiscal responsibility. Each year in the Annual Report, the government's success in achieving these goals is measured.

PEOPLE

Albertans will be healthy. – Albertans continued to rank among the top ten countries in the world for life expectancy. Over the past three years, there has been no change in the percentage of Albertans aged 18-64 who rated their health as "very good" or "excellent" however, the percentage of Albertans aged 65 and over who rated their health as "good", "very good" or "excellent" increased over the previous year. Since 2000, Albertans' view of the overall quality of care received remained consistently high.

Our children will be well cared for, safe, successful at learning and healthy. – Fewer children were economically disadvantaged compared to children in other provinces, based upon the Market Basket Measure of low-income for 2000.

Alberta students will excel. – Educational attainment levels of Albertans age 25-34 are similar to the previous year's result. Over the longer term, there has been a steady increase in attainment levels. Results on provincial achievement tests in Grade 9 mathematics and language arts (proxy information on literacy and numeracy) have been relatively stable in recent years.

Albertans will be independent. – In comparison to other provinces, Alberta had the second highest percentage of people who lived above the Market Basket Measure low-income threshold, based upon data for 2000.

Albertans unable to provide for their basic needs will receive help. – In comparison to other provinces, Alberta had the second highest percentage of people who lived above the Market Basket Measure low-income threshold, based upon data for 2000.

The well-being and self reliance of Aboriginal people will be comparable to that of other Albertans. – Socio-economic disparities exist between Aboriginal people and other Albertans in life expectancy, employment and education. Aboriginal-specific data from both the 2001 Canada Census and Aboriginal Peoples Survey were not available in time to include in *Measuring Up 2003*.

PROSPERITY

Alberta will have a prosperous economy. – Despite a sluggish U.S. economy, weak export markets and severe drought in much of the province, Alberta achieved real economic growth due to a very robust household sector. The unemployment rate was the second lowest in the country. The province's current dollar three-year average growth rate remained strong, but was dampened by a steep decline in natural gas prices in 2002. Alberta continued to have the highest personal disposable income per capita among the provinces.

Alberta's workforce will be skilled and productive. – Alberta's post-secondary training system performed well in supplying skilled graduates to meet the needs of Alberta business and industry, as indicated by high employer satisfaction levels with recent degree, diploma, certificate and apprenticeship graduates. Alberta's labour productivity continued to rank highest among the provinces.

Alberta businesses will be increasingly innovative. – Alberta continued to have the highest percentage of households that use the Internet at work among the provinces, a proxy indicator of the innovativeness of Alberta businesses. Gross expenditures on R&D by Alberta's business sector increased slightly as a percentage of total Canadian business R&D expenditures.

Alberta's value-added industries will lead economic growth. – Alberta's value-added sector continued to expand but did not significantly increase its share of Alberta's economy. Most of the expansion of the value-added sector was in knowledge-intensive services.

Alberta will have effective and efficient infrastructure. – Rural sections of the National Highway System continued to meet the target to provide good traffic flow. Export gas pipeline capacity was sufficient to meet demand. Total sponsored research at Alberta universities was up, showing an increase in Alberta's capacity to accommodate growth in research activity.

Alberta will have a financially stable, open and accountable government. – The province earned a triple A credit rating for domestic debt from all three major credit rating agencies, the highest possible rating and highest among the provinces. Alberta had the lowest total provincial and municipal tax load as a percentage of the provincial average. The province continued to be far ahead of schedule for accumulated debt repayment. Albertans' awareness of the government's financial position has decreased from two years ago.

Alberta will have a fair and safe work environment. – Alberta ranked eighth lowest among the provinces for person-days lost due to work stoppages down from second lowest, as a result of job action taken by Alberta teachers, but still significantly better than the Canadian average. In 2002, Alberta's rate of person-days lost due to workplace injury and disease continued to decline.

Alberta businesses will increase exports. – The value of Alberta's international value-added exports continued to decline following a notable surge in 2000, due to a prolonged slump in the information and technology sector, lower commodity prices, and minimal growth in world trade due to a continued global economic slowdown and a sluggish U.S. economy.

PRESERVATION

Alberta will be a safe place to live and raise families. – Alberta's crime rates remained above the national rate in 2001. The gap between Alberta's property crime rates and the national property crime rate narrowed, while the gap between Alberta's violent crime rate and the national violent crime rate widened in 2001.

Alberta's renewable natural resources will be sustained. – Timber harvest remained below the annual allowable cut. Land productivity fell significantly. The continued decline was primarily due to dry conditions - Alberta experienced the worst drought in over 130 years in 2002.

The high quality of Alberta's environment will be maintained. – Alberta continued to enjoy a high quality environment. Surface water quality and air quality continued to remain high. Land productivity fell primarily as a result of the drought.

Albertans will have the opportunity to enjoy the province's natural, historical and cultural resources. – Nearly all visitors to provincially-owned historic sites, museums and interpretive centres were satisfied overall with their experiences. The percentage of visitors satisfied overall with services and facilities at Alberta's provincial parks and recreation areas was also very high.

Alberta will work with other governments and maintain its strong position in Canada. – Alberta's public approval ratings in federal-provincial relations remained above the average rating of the four nearest provinces and ahead of most provinces in Canada.

LOOKING AHEAD

- Significant changes to the fiscal framework are being implemented in the 2003-04 fiscal year. The new framework is expected to improve fiscal planning and bring more predictability and continued discipline to operating and capital spending.
- The new framework resulted in changes to how *Budget 2003* was presented and will result in accounting and presentation changes to the 2003-04 Government of Alberta Annual Report.
- For 2003-04, the government will move to the new Public Sector Accounting Board standard of amortizing capital for fiscal reporting. This change affects only government-owned capital assets. Capital grants to local authorities will continue to be charged to expense.
- In the 2003-04 reporting model, government-owned capital assets will be added to the government's balance sheet and charged to the government's bottom line over their useful lives through amortization expense.
- The government will continue to report its revenue and expense on a fully consolidated basis. However, for fiscal policy purposes, the balanced budget requirement will be adjusted for transfers to and from the Alberta Sustainability Fund and the Capital Account.
- In 2003-04, the government will again report completely and openly on what was achieved - both in measuring progress towards goals and in managing the province's finances.

Historical Fiscal Summary, 1985-86 to 2002-03[a]

(millions of dollars)

		A 1985-86	B 1986-87	C 1987-88	D 1988-89	E 1989-90	F 1990-91	G 1991-92	H 1992-93	I 1993-94	J 1994-95	K 1995-96	L 1996-97	M 1997-98	N 1998-99	O 1999-00	P 2000-01	Q 2001-02	R 2002-03
INCOME STATEMENT																			
	Revenue																		
1	Personal income tax	1,521	1,768	2,236	2,039	2,536	2,796	3,057	2,794	2,877	3,063	3,177	3,445	3,877	4,601	5,100	3,943	4,183	4,834
2	Corporate income tax	780	396	595	697	700	803	731	637	854	1,073	1,332	1,407	1,848	1,659	1,255	2,023	2,229	2,019
3	School property taxes	660	686	729	769	824	915	1,027	1,115	1,168	1,196	1,205	1,169	1,212	1,118	1,128	1,151	1,094	1,113
4	Other tax revenue	341	262	553	679	683	878	1,029	1,055	1,053	1,126	1,112	1,157	1,219	1,178	1,241	1,386	1,469	1,633
5	Natural resource revenue	4,932	1,892	2,626	2,085	2,240	2,688	2,022	2,183	2,817	3,378	2,786	4,034	3,778	2,368	4,650	10,586	6,227	7,130
6	Investment income	2,161	1,965	1,847	1,834	1,891	2,125	2,155	1,711	1,837	1,567	1,724	1,616	1,747	1,610	1,906	1,353	788	(462)
7	Other own-source revenue	1,111	959	1,407	1,662	2,022	1,615	1,566	2,319	2,710	2,832	2,431	2,473	2,890	2,950	3,183	3,272	3,690	4,340
8	Total own-source revenue	11,506	7,928	9,993	9,765	10,896	11,820	11,587	11,814	13,316	14,235	13,767	15,301	16,571	15,484	18,463	23,714	19,680	20,607
9	Federal transfers	1,788	1,689	1,912	2,135	1,943	2,365	2,150	2,457	2,090	1,929	1,748	1,351	1,183	1,335	1,640	1,813	2,264	2,074
10	Total Revenue	13,294	9,617	11,905	11,900	12,839	14,185	13,737	14,271	15,406	16,164	15,515	16,652	17,754	16,819	20,103	25,527	21,944	22,681
	Expense by Function																		
11	Health	2,958	3,191	3,056	3,338	3,602	3,864	4,103	4,325	4,169	3,905	3,747	3,978	4,369	4,624	5,302	5,897	6,791	6,871
12	Basic and advanced education	2,961	3,114	3,118	3,227	3,379	3,532	3,676	3,904	4,036	3,756	3,713	3,738	4,081	4,241	4,735	5,040	6,099	5,463
13	Social services	1,156	1,270	1,329	1,434	1,502	1,567	1,746	1,889	1,721	1,495	1,456	1,511	1,564	1,560	1,668	1,790	1,942	2,023
14	Other program expense	6,798	5,778	5,195	5,111	5,357	5,772	5,527	6,058	5,197	4,324	3,765	3,474	3,759	3,921	4,651	5,249	5,230	5,668
15	Total program expense	13,873	13,353	12,698	13,110	13,840	14,735	15,052	16,176	15,123	13,480	12,681	12,701	13,773	14,346	16,356	17,976	20,062	20,025
16	Debt servicing costs	182	297	572	797	1,115	1,282	1,314	1,419	1,654	1,746	1,683	1,462	1,322	1,379	956	980	774	476
17	Total Expense [a]	14,055	13,650	13,270	13,907	14,955	16,017	16,366	17,595	16,777	15,226	14,364	14,163	15,095	15,725	17,312	18,956	20,836	20,501
	Net Change in Capital Assets																		
18	Capital investment	—	—	—	—	—	—	—	363	305	265	261	196	252	296	304	440	643	537
19	Capital amortization	—	—	—	—	—	—	—	(272)	(292)	(285)	(242)	(234)	(232)	(228)	(230)	(257)	(307)	(346)
20	Net Increase (Decrease) in Capital Assets	—	—	—	—	—	—	—	91	13	(20)	19	(38)	20	68	74	183	336	191
21	**Economic Cushion**[b]	(761)	(4,033)	(1,365)	(2,007)	(2,116)	(1,832)	(2,629)	(3,415)	(1,384)	958	1,132	2,527	2,639	1,026	2,717	6,388	772	1,989
22	Pension provisions[c]	—	—	—	—	—	—	—	—	296	286	—	(371)	(91)	(77)	(85)	14	29	156
23	**Net Results of Operations**	(761)	(4,033)	(1,365)	(2,007)	(2,116)	(1,832)	(2,629)	(3,415)	(1,680)	672	1,132	2,898	2,730	1,103	2,802	6,374	743	1,833
BALANCE SHEET																			
24	Net financial assets (debt)[d]	11,817	7,784	6,419	4,412	2,296	464	(2,165)	(7,054)	(8,313)	(7,355)	(6,255)	(3,728)	(1,089)	(63)	2,654	9,042	9,814	11,803
25	Pension obligations[c]	(5,500)	(6,625)	(7,946)	(8,004)	(8,243)	(6,156)	(5,774)	(4,770)	(5,066)	(5,352)	(5,352)	(4,981)	(4,890)	(4,813)	(4,728)	(4,742)	(4,771)	(4,927)
26	Total Net Assets (Net Debt)	6,317	1,159	(1,527)	(3,592)	(5,947)	(5,692)	(7,939)	(11,824)	(13,379)	(12,707)	(11,607)	(8,709)	(5,979)	(4,876)	(2,074)	4,300	5,043	6,876
27	**Accumulated Debt**[e]	4,953	10,091	11,105	13,069	15,527	16,647	17,406	20,305	22,701	21,451	20,531	17,733	14,976	14,106	12,020	8,195	5,261	4,736
28	Capital Assets	—	—	—	—	—	—	—	—	—	7,669	7,411	7,292	7,215	7,218	7,259	8,002	10,141	10,285

a Numbers restated on a 2002-03 basis. Prior to 1992-93, expense includes capital investment rather than capital amortization costs. Total expense excludes pension provisions.

b Subject to the Fiscal Responsibility Act.

c Pension provisions were recorded in the Public Accounts starting in 1992-93. Numbers on an equivalent basis not available until 1993-94.

d Excludes pension obligations. Net debt was increased by $1,474 million in 1992-93 primarily for a provision for school construction debt, reduced by $125 million in 1993-94 to record personal income tax and established programs financing entitlements on an accrual basis and increased by $32 million in 1995-96 to report some other revenues on accrual basis.

e Less cash set aside for future debt repayments. In 2001-02 the amount of $5,261 million includes an additional commitment of $414 million to debt retirement based on a higher than expected year-end cushion. This amount was transferred in 2002-03 from other assets.

Consolidated Financial Statements

Consolidated Financial Statements of the Province of Alberta

Year ended March 31, 2003

INTRODUCTION

The financial statements in this annual report of the Government of Alberta are consolidations of ministry consolidated financial statements, which themselves are consolidations of the financial statements of departments, regulated funds, Provincial agencies and Crown-controlled corporations, for which separate financial statements are presented in ministry annual reports. A listing of these organizations is provided in Schedule 16 to the financial statements.

The method of consolidation is described in the Accounting Policies note that forms part of the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Responsibility for the integrity and objectivity of the consolidated financial statements of the Province of Alberta rests with the government. The consolidated financial statements are prepared by the Controller under the general direction of the Deputy Minister of Finance, as authorized by the Minister of Finance pursuant to the *Financial Administration Act*. The consolidated financial statements are prepared in accordance with the government's stated accounting policies, and of necessity include some amounts that are based on estimates and judgements. As required by the *Government Accountability Act*, the consolidated financial statements are included in the consolidated annual report of the Government of Alberta that forms part of the Public Accounts.

To fulfill its accounting and reporting responsibilities, the government maintains systems of financial management and internal control which give consideration to costs, benefits and risks, and which are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability for public money, and
- safeguard the assets and properties of the Province of Alberta under government administration.

Under the *Financial Administration Act*, deputy heads are responsible for the collection of revenue payable to the Crown, and for making and controlling disbursements with respect to their departments. They are also responsible for prescribing the accounting systems to be used in their departments. In order to meet government accounting and reporting requirements, the Controller obtains information relating to departments, regulated funds, Provincial agencies and Crown-controlled corporations from ministries as necessary.

The consolidated financial statements are reviewed by the Audit Committee established under the *Auditor General Act*. Under the *Fiscal Responsibility Act*, the Audit Committee must report publicly to the Executive Council on the progress made in eliminating the accumulated debt. The Audit Committee advises the Lieutenant Governor in Council on the scope and results of the Auditor General's audit of the consolidated financial statements of the Province.

The Auditor General of Alberta provides an independent opinion on the consolidated financial statements prepared by the government. The duties of the Auditor General in that respect are contained in the *Auditor General Act*.

Annually, the consolidated annual report is tabled in the Legislature as a part of the Public Accounts and is referred to the Standing Committee on Public Accounts of the Legislative Assembly.

Approved on behalf of the Finance Department:

Peter Kruselnicki, P.Eng.
Deputy Minister of Finance

Tim Wiles, CA
Controller

Edmonton, Alberta
June 17, 2003

AUDITOR GENERAL
Alberta

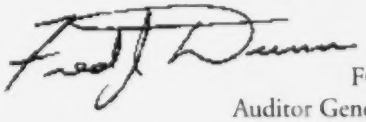
AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the consolidated statements of financial position and capital assets of the Province of Alberta as at March 31, 2003 and the consolidated statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Government of Alberta and are prepared on its behalf by Finance Department management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position and capital assets of the Province of Alberta as at March 31, 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting as described in Note 1 to the consolidated financial statements.



FCA
Auditor General

Edmonton, Alberta
June 17, 2003

Consolidated Statement of Operations

YEAR ENDED MARCH 31, 2003

In millions

	2003		2002
	Budget (Note 4)	Actual	Actual
Revenues (Schedule 1)			
Income taxes	$ 6,258	$ 6,853	$ 6,412
Other taxes	2,636	2,746	2,563
Non-renewable resource revenue	3,714	7,130	6,227
Transfers from Government of Canada	2,168	2,074	2,264
Net income from commercial operations	1,767	1,849	1,695
Fees, permits and licences	1,561	1,644	1,363
Net investment income (loss)	1,184	(462)	788
Other	567	847	632
	19,855	22,681	21,944
Expenses by function (Schedules 2 and 3)			
Health	6,899	6,871	6,791
Education	5,339	5,463	6,099
Agriculture and economic development	1,066	2,158	1,506
Social services	2,024	2,023	1,942
Environment and resource conservation	436	694	578
Protection of persons and property	627	664	645
Transportation and utilities	637	655	888
Regional planning and development	453	484	461
Recreation and culture	170	189	194
Housing	103	128	142
General government	699	696	816
Debt servicing costs	585	476	774
Pension provisions	58	156	29
	19,096	20,657	20,865
Excess of revenues over expenses	759	2,024	1,079
Net increase in capital assets affecting operations (Schedule 5)	(93)	(191)	(336)
Net results of operations	$ 666	$ 1,833	$ 743
Under legislation, pension provisions are excluded for fiscal policy purposes (Note 5)			
Net results of operations	$ 666	$ 1,833	$ 743
Add pension provisions included in expenses	58	156	29
Net results for fiscal policy purposes	$ 724	$ 1,989	$ 772

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Financial Position

MARCH 31, 2003

	In millions	
	2003	**2002**
Financial assets		
Cash and temporary investments (Schedule 6)	$ 1,711	$ 1,942
Accounts and accrued interest receivable	3,403	1,729
Portfolio investments (Schedule 7)	15,192	16,761
Equity in commercial enterprises (Schedule 8)	1,148	889
Loans and advances (Schedule 9)	5,022	4,879
Inventories held for resale (Schedule 10)	59	52
	26,535	26,252
Liabilities		
Accounts and accrued interest payable	3,288	3,356
Unmatured debt (Note 5) (Schedule 11)	6,893	8,465
Debt of Alberta Municipal Financing Corporation (Schedule 12)	3,671	3,431
Pension obligations (Schedule 13)	4,927	4,771
Other accrued liabilities (Schedule 14)	852	1,058
Equity of Alberta Municipal Financing Corporation (Schedule 12)	28	128
	19,659	21,209
Net assets	$ 6,876	$ 5,043
Net assets at beginning of year	$ 5,043	$ 4,300
Net results of operations for the year	1,833	743
Net assets at end of year	$ 6,876	$ 5,043
Under legislation, pension obligations are excluded for fiscal policy purposes (Note 5)		
Net assets at end of year	$ 6,876	$ 5,043
Add pension obligations	4,927	4,771
Net assets for fiscal policy purposes	$ 11,803	$ 9,814

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Changes in Financial Position

YEAR ENDED MARCH 31, 2003

	In millions	
	2003	**2002**
Operating activities		
Net results of operations for the year	$ 1,833	$ 743
Non-cash items included in net results of operations	96	(83)
	1,929	660
(Increase) decrease in receivables	(1,674)	3,058
(Decrease) increase in payables	(68)	229
Decrease in equity of Alberta Municipal Financing Corporation	(100)	(11)
Other	(117)	(107)
Cash (applied to) provided by operating activities	(30)	3,829
Investing activities		
Purchase of portfolio investments	(9,897)	(18,609)
Disposals of portfolio investments	11,383	17,367
Loans and advances made	(821)	(778)
Repayment of loans and advances	618	609
Cash provided by (applied to) investing activities	1,283	(1,411)
Financing activities		
Debt retirement	(13,261)	(9,102)
Debt issues	11,777	7,317
Cash applied to financing activities	(1,484)	(1,785)
(Decrease) increase in cash and temporary investments	(231)	633
Cash and temporary investments at beginning of year	1,942	1,309
Cash and temporary investments at end of year	$ 1,711	$ 1,942

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Capital Assets

MARCH 31, 2003

	In millions	
	2003	**2002**
	Net Book Value (Note 8)	
General capital assets		
Land	$ 1,202	$ 1,199
Buildings	1,541	1,593
Computer hardware and software	229	207
Equipment	181	93
Other	64	64
	3,217	3,156
Infrastructure assets		
Land improvements	81	85
Provincial highways, roads and airstrips	5,502	5,460
Bridges	594	571
Dams and water management structures	891	869
	7,068	6,985
	$ 10,285	$ 10,141

The accompanying notes and schedules are part of these financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

These financial statements are prepared in accordance with the following accounting policies.

A) REPORTING ENTITY

These financial statements include the accounts of the Offices of the Legislative Assembly and all government entities including departments, the Alberta Heritage Savings Trust Fund, and other regulated funds, Provincial agencies and Crown-controlled corporations. A listing of these organizations is provided in Schedule 16. Accountable organizations such as universities, public colleges, technical institutes, regional health authorities and school boards are not included in the consolidated financial statements.

B) METHOD OF CONSOLIDATION

The accounts of the Offices of the Legislative Assembly, departments, regulated funds and Provincial agencies, except those designated as commercial enterprises, are consolidated after adjusting them to a basis consistent with the accounting policies described below in (c). Revenue and expenditure transactions, investing and financing transactions, and related asset and liability accounts between consolidated entities have been eliminated.

The accounts of Crown-controlled corporations and Provincial agencies designated as commercial enterprises are reported on the modified equity basis, the equity being computed in accordance with Canadian generally accepted accounting principles.

The year end of some Provincial agencies is other than March 31. Transactions of these agencies that have occurred during the period to March 31, 2003 and that significantly affect the consolidation have been recorded.

C) BASIS OF FINANCIAL REPORTING

Reporting the Results of Operations

The Consolidated Statement of Operations reports revenues of the year (including proceeds from disposal of capital assets), expenses (including the cost of capital assets consumed during the year, i.e., amortization of capital assets), and the excess of revenues over expenses. The excess of revenues over expenses is then adjusted within the Consolidated Statement of Operations for the difference between the cost of capital assets consumed and the cost of capital assets acquired during the year. The net results of operations for the year is applied to increase net assets.

NOTE 1 (continued)

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue and included in accounts payable.

Expenses

Expenses represent the cost of resources consumed during the year on government operations. Expenses include provisions for amortization of acquired capital property and expenses incurred in accordance with the terms of approved grant programs, including grants for capital purposes.

Pension costs comprise the cost of pension benefits earned by employees during the year, interest on the Province's share of the unfunded pension liability, and the amortization over the expected average remaining service life of employees of deferred adjustments arising from experience gains and losses and changes in actuarial assumptions. In the Consolidated Statement of Operations, pension costs which are funded are included in expenses by function and costs which have not been funded are recorded as pension provisions.

Costs arising from obligations under guarantees and indemnities are recorded as expenses when management determines that the Province will likely be called upon to make payment. The expense represents management's estimate of future payments less recoveries.

Any adjustments to the Province's obligations to provide future funding to school boards to enable them to repay the principal portion of their debentures to the Alberta Municipal Financing Corporation are recorded as expenses.

The estimated increase or decrease for the year in accrued employee vacation entitlements is also recorded in the appropriate expense function.

No provision is made in the financial statements for commitments, details of which are disclosed in Note 6.

Net Increase in Capital Assets Affecting Operations

The net increase in capital assets affecting operations accounts for the inclusion of the cost of capital assets acquired during the year, and the exclusion of the annual amortization provision.

Financial Assets

Financial assets are limited to financial claims on external organizations and individuals and inventories held for resale at the year end.

Temporary investments are valued at cost or fair value, whichever is lower, on an aggregate basis.

Portfolio investments, which are investments to provide income for the long term, are carried at cost. Realized gains and losses on disposals of these investments are included in the determination of net results of operations for the year. Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

NOTE 1 (continued)

Loans are recorded at cost less any discounts and allowance for credit loss. Discounts recorded as the result of interest rate reductions given on loans to local authorities are amortized to investment income over the term of the loans.

Inventories representing the Province's share of royalty oil in feeder and trunk pipelines are stated at net realizable value. Other inventories are valued at the lower of cost, determined on a first-in, first-out basis, and estimated net realizable value.

Liabilities

Liabilities include all financial claims payable by the Province at the year end.

Debentures included in unmatured debt are recorded at the face amount of the issue less net unamortized discount, which includes issue expenses and hedging costs.

Income or expense on interest rate swaps and forward interest rate agreements used to manage interest rate exposure is recorded as an adjustment to debt servicing costs. The exchange gain or loss on the foreign exchange contracts used to manage currency exposure is deferred and amortized over the life of the contract.

Liabilities also include the following:

- estimates of the present value of the Province's obligations for future pension contributions and/or benefits under defined benefit pension plans for current and former provincial and other public sector employees, and certain current and former Members of the Legislative Assembly, including deferred adjustments,
- the Province's obligation to provide future funding to school boards to enable them to repay the principal portion of their debentures to the Alberta Municipal Financing Corporation, and
- accrued employee vacation entitlements.

Foreign Currency

Assets and liabilities denominated in foreign currency are translated at the year end rate of exchange.

Foreign currency transactions are translated into Canadian dollars using average rates of exchange, except for hedged foreign currency transactions which are translated at rates of exchange established by the terms of the forward exchange contracts.

Amortization of deferred exchange gains and losses and other exchange differences on unhedged transactions are included in the determination of net results of operations for the year.

Measurement Uncertainty

Estimates are used in accruing revenues and expenses in circumstances where the actual accrued revenues and expenses are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used.

NOTE 1 (continued)

Measurement uncertainty that is material to these financial statements exists in the accrual of personal and corporate income taxes, royalties derived from non-renewable resources, and provisions for pensions and loans and advances. The nature of the uncertainty in these items arises from several factors such as the effect on accrued taxes of the verification of taxable income, the effect on accrued royalties of the receipt of revised production data and reassessments, the effect on accrued pension obligations of actual experience compared to assumptions, and the effect on loans and advances of actual collectibility and changes in economic conditions.

While best estimates have been used for reporting items subject to measurement uncertainty, management considers that it is possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recognized amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

Capital Assets

Capital assets of commercial enterprises are included in the consolidated statement of financial position within equity in commercial enterprises. Other capital assets are not included in the Province's financial position but are reported in a separate consolidated statement of capital assets, with additional disclosure in Note 8.

Those capital assets in the separate financial statement are restricted to capital assets the Province acquired for cash or for other assets. Assets acquired by right, such as Crown lands, forests, water and mineral resources, are not included. In addition, assets paid for by other parties, such as the federal government, are excluded.

The historical cost of capital assets in Note 8 is estimated and amortization is calculated on a straight line basis over the periods expected to benefit from their use, and the annual amortization is included in the expenses reported in the Consolidated Statement of Operations. The annual amortization of the costs of capital assets is allocated to the functions of the government that employ those assets.

NOTE 2 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accrued interest, receivables and payables are estimated to approximate their book values. Fair values of some of the loans and advances are not reported due to there being no organized financial market for all of the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair values with sufficient reliability.

The fair value of unmatured debt and debt of Alberta Municipal Financing Corporation is an approximation of its fair value to the holder.

The methods used to determine the fair values of temporary investments and portfolio investments are as follows:

Public fixed-income securities and equities are valued at the year-end closing sale price, or the average of the latest bid and ask prices quoted by an independent securities valuation company.

The value of derivative contracts is included in the fair value of portfolio investments. Equity and bond index swaps are valued based on changes in the appropriate market based index net of accrued floating rate interest. Interest rate swaps are valued based on discounted cash flows using current market yields.

NOTE 2 (continued)

Forward foreign exchange contracts are valued based on quoted market prices. The value of cross-currency interest rate swaps is included with the value of the underlying security. Cross-currency interest rate swaps are valued at quoted prices based on discounted cash flows using current market yields.

Mortgages and certain non-public provincial debentures are valued based on the net present value of future cash flows. These cash flows are discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market.The fair value of private equities is estimated by management.

Real estate investments are reported at their most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers.

At the year end, the fair value of investments and any other assets and liabilities denominated in a foreign currency are translated to Canadian dollars at the year end exchange rate.

NOTE 3 RISK MANAGEMENT

A) LIABILITY MANAGEMENT

The objective of the Province's liability management program is to achieve the lowest cost on debt within an acceptable degree of variability of debt servicing costs. In order to achieve this objective, the Province manages four risks - interest rate risk, currency exchange risk, credit risk, and refinancing risk. The Province manages these four risks within approved policy guidelines. The management of these risks and the policy guidelines apply to the Province's direct debt, excluding debt raised to fund requirements of provincial corporations and regulated funds. Debt of provincial corporations and regulated funds is managed separately in relation to their assets.

The Province has decided, in light of the current debt reduction environment, that the most effective liability risk management strategy would be to allow existing debt instruments to mature in accordance with their terms.

B) ASSET MANAGEMENT

The majority of the Province's portfolio investments are in the Alberta Heritage Savings Trust Fund (Heritage Fund).

The Heritage Fund's investment portfolio is being held for the long term and has the objective of maximizing long-term financial returns. The asset mix policy for the portfolio is 25% to 45% fixed-income instruments and 75% to 55% equities. Until July 2002, the Heritage Fund also included a transition portfolio consisting mainly of Canadian fixed-income securities that had the objective of providing income support to the government's fiscal plan over the short to medium term. The transition portfolio's remaining assets were transferred to the long-term portfolio during the 2002-03 fiscal year.

The General Revenue Fund also holds substantial amounts of the Province's portfolio investments. Portfolio investments of the General Revenue Fund are used to repay debt as it matures and to provide funding for the capital plan.

The investments in the Alberta Heritage Foundation for Medical Research Endowment Fund, the Alberta Heritage Science and Engineering Research Endowment Fund and the Alberta Heritage Scholarship Fund are managed to preserve the capital of the funds over the long term and to provide an annual level of income to intermediary boards responsible for making grants to researchers in the fields of medicine, science and engineering, and to students.

NOTE 4 BUDGET

The budget amounts were derived from Budget 2002 tabled in the Legislature on March 19, 2002. A restatement pursuant to the *Gaming and Liquor Amendment Act, 2002*, resulted in a reduction of $118 million in both revenues and expenses. Some budget amounts were also restated to reflect government organization changes.

The following table compares the Province's net financial position with the March 31, 2003 estimate provided in Budget 2002. The table uses the same grouping of financial assets and liabilities as the budget.

In millions

	2003		2002
	Estimate	Actual	Actual
Financial assets			
Heritage Fund external investments	$ 12,156	$ 11,262	$ 12,151
Self-supporting lending organizations (a)	5,358	5,293	5,260
Funds available for debt repayment (Note 5)	1,092	2,010	2,741
Endowment funds (b)	1,726	1,550	1,768
Capital account	-	910	-
Other financial assets	3,086	5,510	4,332
	23,418	26,535	26,252
Liabilities			
Accumulated debt (Note 5)	6,912	6,746	8,416
Pension obligations	4,831	4,927	4,771
Self-supporting lending organizations (a)	3,834	4,070	3,832
Accounts and interest payable and other liabilities	3,156	4,051	4,331
Less debt held internally by consolidated entities	(104)	(135)	(141)
	18,629	19,659	21,209
Net assets for financial statement purposes	4,789	6,876	5,043
Pension obligations	4,831	4,927	4,771
Net assets for fiscal policy purposes	$ 9,620	$ 11,803	$ 9,814

a) Alberta Municipal Financing Corporation and Agriculture Financial Services Corporation.
b) Alberta Heritage Foundation for Medical Research Endowment Fund, Alberta Heritage Science and Engineering Research Endowment Fund and Alberta Heritage Scholarship Fund.

NOTE 5 FISCAL RESPONSIBILITY LEGISLATION

During 2002-03 the Province complied with the *Fiscal Responsibility Act* (the Act). The Act, which came into force on April 1, 1999, requires that actual expenditure during a fiscal year, not including changes in pension obligations, must not be more than actual revenue.

Under the Act, starting accumulated debt, as defined, was initially determined at March 31, 2000 and must be reduced by a specified percentage in each subsequent five-year period such that accumulated debt must be eliminated by March 31, 2025.

NOTE 5 (continued)

The table below shows the progress made in eliminating accumulated debt during 2002-03.

	In millions	
	2003	**2002**
Unmatured debt (Schedule 11)	$ 6,893	$ 8,465
Funding obligation for school board debentures (Schedule 14)	608	698
Adjustments to conform to statutory definition		
Borrowings for provincial corporations	(890)	(888)
Other	135	141
Accumulated debt at end of year	$ 6,746	$ 8,416

In addition, Note 4 shows that funds amounting to $2,010 million (2002 $2,741 million), at cost, have been set aside to retire accumulated debt that has not yet matured:

	2003		**2002**
	Estimate	**Actual**	**Actual**
Accumulated debt at end of year	$ 6,912	$ 6,746	$ 8,416
Funds available for debt repayment	1,092	2,010	2,741
Accumulated debt less funds set aside	$ 5,820	$ 4,736	$ [illegible]75

Subsequent to the year end, the *Fiscal Responsibility Act* was amended to establish a sustainability fund to bring stability to Alberta's fiscal framework and create a capital account to fund critical infrastructure.

NOTE 6 COMMITMENTS

	In millions	
	2003	**2002**
Obligations under long-term leases, contracts and programs	$ 4,679	$ 5,019
Loans and advances approved	37	43
	$ 4,716	$ 5,062

Estimated payment requirements for each of the next five years and thereafter are as follows:

	In millions
2003-04	$ 995
2004-05	373
2005-06	319
2006-07	240
2007-08	133
Thereafter	2,619
	$ 4,679

The government has various commitments relating to the devolution of services or disposition of assets to the private sector. Those commitments include the performance of duties and obligations if the private sector organization fails to meet them.

NOTE 7 CONTINGENCIES

Set out below are details of contingencies resulting from guarantees, indemnities and litigation, other than those reported as liabilities and shown in Schedule 14. Any losses arising from the settlement of contingencies are treated as current year expenses.

A) INDEMNITIES AND GUARANTEES

Guarantees amounting to $234 million (2002 $313 million) are analyzed in Schedule 15.

B) CONTINGENCIES OF COMMERCIAL ENTERPRISES

The Credit Union Deposit Guarantee Corporation has a potential liability under guarantees relating to deposits of credit unions. At December 31, 2002 credit unions in Alberta held deposits totalling $7.6 billion (2001 $6.9 billion) and had assets in excess of deposits.

At March 31, 2003, Alberta Treasury Branches had a potential liability under guarantees and letters of credit amounting to $101 million (2002 $444 million).

N.A. Properties (1994) Ltd. has provided guarantees of principal and interest on mortgages sold to a chartered bank. The principal and interest on these mortgages totalled $3 million at March 31, 2003 (2002 $7 million).

C) LEGAL ACTIONS

At March 31, 2003, the Province was involved in various legal actions, the outcome of which is not determinable. Accruals have been made in specific instances where it is probable that losses will be incurred which can be reasonably estimated. The resulting loss, if any, from claims in excess of the amounts accrued cannot be determined.

The Province has a contingent liability in respect of 36 claims (2002 35) concerning aboriginal rights, Indian title and treaty rights. In most cases, these claims have been filed jointly and severally against the Province of Alberta and the Government of Canada, and in some cases involve third parties. Of these claims, 21 (2002 21) have specified amounts totalling $64.4 billion (2002 $64.4 billion) plus a provision for interest and other costs that are not calculable. The other 15 claims (2002 14) have not specified any amounts.

Further, the Province was named as defendant in various other legal actions in addition to those noted above. The total claimed in specific legal actions amounts to approximately $4.2 billion (2002 $3.6 billion).

NOTE 8 CAPITAL ASSETS

The following information is provided to supplement the Consolidated Statement of Capital Assets.

Capital assets held and available for use at the end of the year are shown below by type of asset.

In millions

	Estimated Useful Life	2003 Cost	2003 Accumulated Amortization	2003 Net Book Value	2002 Net Book Value
General capital assets					
Land	Indefinite	$ 1,202	$ -	$ 1,202	$ 1,199
Buildings	40 years	2,862	1,321	1,541	1,593
Computer hardware and software	5-10 years	513	284	229	207
Equipment	3-10 years	313	132	181	93
Other	20-50 years	193	129	64	64
		5,083	1,866	3,217	3,156
Infrastructure assets					
Land improvements	10-40 years	185	104	81	85
Provincial highways, roads and airstrips	50 years	7,552	2,050	5,502	5,460
Bridges	50 years	789	195	594	571
Dams and water management structures	25-80 years	1,099	208	891	869
		9,625	2,557	7,068	6,985
		$ 14,708	$ 4,423	$ 10,285	$ 10,141

Land includes land acquired for parks and recreation, building sites, infrastructure and other program use. It does not include land held for resale or Crown lands acquired by right.

Equipment includes SuperNet, vehicles, heavy equipment, fire protection equipment, office equipment and furniture, and other equipment.

Other capital assets include leasehold improvements (amortized over the life of the lease), rail cars and trailers.

Land improvements include parks development and grazing reserves.

Provincial highways and roads consist of original pavement, roadbed, drainage works and traffic control devices. Effective April 1, 2000, the Province agreed to assume responsibility from municipalities for the construction and maintenance of secondary highways and bridges and some key arterial roadways within cities. As a result, the majority of the secondary highways, bridges and arterial roadways were transferred to the Province during the year ended March 31, 2002, as well as in the prior year.

Dams and water management structures include dams, reservoirs, weirs, canals, dikes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures.

NOTE 8 (continued)

Changes to capital assets were as follows:

	In millions	
	2003	2002
Net book value at beginning of year	$10,141	$ 8,002
Capital assets acquired	537	643
Amortization provision	(346)	(307)
Disposals and write-downs	(47)	(27)
Capital assets transferred from municipalities	-	1,830
Net book value at end of year	$10,285	$10,141

NOTE 9 TRUST FUNDS UNDER ADMINISTRATION

Trust funds under administration are regulated and other funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purposes of various trusts, they are not included in the consolidated financial statements.

At March 31, 2003, trust funds under administration were as follows:

	In millions	
	2003	2002
Public Sector Pension Plan Funds	$15,121	$ 17,131
Teachers' Pension Plan Funds	2,583	2,391
The Workers' Compensation Board Accident Fund	2,025	2,031
Public Trustee	465	457
Regional Health Authorities and various health institutions construction accounts	420	512
Power Pool of Alberta Balancing Pool	146	121
Special Areas Trust Account	71	69
Various Court Offices and Fines Distribution Trust	39	37
Miscellaneous trust funds	166	158
	$21,036	$ 22,907

NOTE 10 DEFINED BENEFIT PLANS

A) PENSION PLANS

The government administers three contributory defined benefit pension plans for its current employees, namely, the Public Service Pension Plan, Management Employees Pension Plan and Supplementary Retirement Plan for Public Service Managers. Expenses for these plans during 2002-03 amounting to $80 million (2002 $71 million) have been recognized in these financial statements.

Benefits paid from these plans are based on length of service and pensionable earnings. The average age of the approximately 38,900 active employees is 44. In addition, there are approximately 10,600 former employees who are entitled to refunds of contributions with interest or pension benefits when all of the eligibility requirements are met. At present, these plans provide benefits for approximately 18,300 retirees. Benefit payments were $213 million in 2002-03 (2002 $202 million). Total contributions were $188 million in 2002-03 (2002 $182 million). The government guarantees payment of all benefits under the Management Employees Pension Plan arising from service before 1994.

NOTE 10 (continued)

A separate pension plan fund administered by the government is maintained for each pension plan. Pension plan fund assets are invested in both marketable investments of organizations external to the government and in Province of Alberta bonds and promissory notes.

Actuarial valuations are performed at least triennially using the projected benefit method prorated on services. Information about the economic assumptions used in the most recent actuarial valuations is provided below for each plan. Demographic assumptions used in the valuations reflect the experience of the plans.

Plan	Latest Valuation	Real Rate of Return %	Inflation Rate %	Investment Rate of Return %
Public Service Pension Plan	December 31, 2000	4.0	3.25	7.25
Management Employees Pension Plan	December 31, 2001	4.25	2.75	7.0
Supplementary Retirement Plan for Public Service Managers	December 31, 2002	3.0	3.0	6.0

At December 31, 2002, the Public Service Pension Plan reported an actuarial deficiency of $176 million (2001 actuarial surplus of $320 million), and the Management Employees Pension Plan and Supplementary Retirement Plan for Public Service Managers taken together reported a deficiency of $296 million (2002 surplus of $5 million). As a result of deferring and amortizing adjustments arising from experience gains and losses and changes in actuarial assumptions as described in Note 1, the government had no outstanding costs or obligations with respect to these plans at March 31, 2003 (2002 $Nil).

B) LONG TERM DISABILITY INCOME CONTINUANCE PLANS

The government also administers two long term disability income continuance plans. At March 31, 2003, these plans taken together reported an actuarial deficiency of $18 million (2002 $12 million). At March 31, 2003, the government's share of the estimated accrued benefit liability for these plans amounting to $4 million (2002 $Nil) has been recognized in these financial statements.

NOTE 11 COMPARATIVE FIGURES

Certain 2002 figures have been reclassified to conform to 2003 presentation, the most significant of which are an $83 million reduction in net income from commercial operations and recreation and culture expense (see Note 4), and a reclassification of $202 million from transportation and utilities expense to general government expense.

Schedules to the 2002-03 Consolidated Financial Statements

REVENUES **Schedule 1**

	In millions		
	2003		2002
	Budget (Note 4)	Actual	Actual
Income taxes			
Personal income tax	$ 4,708	$ 4,834	$ 4,503
Less Alberta energy tax refund	-	-	(320)
Corporate income tax	1,550	2,019	2,229
	6,258	6,853	6,412
Other taxes			
School property tax	1,093	1,113	1,094
Tobacco tax	633	618	373
Fuel tax	594	597	585
Freehold mineral rights tax	127	202	319
Insurance taxes	139	162	136
Hotel room tax	50	54	56
	2,636	2,746	2,563
Non-renewable resource revenue			
Natural gas and by-products royalty	2,573	5,125	4,030
Crude oil royalty	469	1,177	987
Bonuses and sales of Crown leases	609	565	969
Synthetic crude oil and bitumen royalty	78	183	185
Rentals and fees	142	153	148
Coal royalty	12	10	17
Royalty tax credit	(169)	(83)	(109)
	3,714	7,130	6,227
Transfers from Government of Canada			
Canada health and social transfer	1,739	1,332	1,655
Agriculture support programs	117	416	269
Other	312	326	340
	2,168	2,074	2,264
Net income from commercial operations			
Lottery operations	1,107	1,089	1,040
Liquor operations	538	535	489
Other	122	225	166
	1,767	1,849	1,695
Fees, permits and licences			
Health care insurance premiums	869	914	708
Motor vehicle licences	254	248	215
Crop and hail insurance premiums	88	102	65
Other	350	380	375
	1,561	1,644	1,363
Net investment income (loss)	1,184	(462)	788
Other	567	847	632
	$ 19,855	$ 22,681	$ 21,944

EXPENSES BY MINISTRY **Schedule 2**

	In millions		
	2003		2002
	Budget (Note 4)	Actual	Actual
Offices of the Legislative Assembly	$ 59	$ 54	$ 54
Ministries			
Health and Wellness	6,837	6,841	6,323
Learning	4,729	4,828	4,531
Agriculture, Food and Rural Development	671	1,777	1,180
Human Resources and Employment	1,059	1,088	1,018
Finance	1,012	993	1,166
Infrastructure	815	813	2,379
Transportation	651	673	926
Children's Services	675	658	639
Community Development	580	569	557
Sustainable Resource Development	191	414	296
Seniors	291	307	304
Solicitor General	268	268	256
Justice	236	241	223
Innovation and Science	192	185	182
Revenue	158	179	134
Energy	165	169	150
Municipal Affairs	132	161	168
Gaming	98	123	117
Environment	110	108	124
Government Services	65	68	55
Aboriginal Affairs and Northern Development	30	64	31
Economic Development	51	55	51
Executive Council	15	15	14
International and Intergovernmental Relations	6	6	6
Unallocated pension provisions	-	-	(19)
	$ 19,096	$ 20,657	$ 20,865

EXPENSES BY OBJECT **Schedule 3**

	In millions	
	2003	2002
Grants	$ 13,898	$ 15,080
Services	3,208	2,367
Salaries, wages, employment contracts and benefits	1,557	1,446
Interest and amortization of exchange gains and losses	743	1,039
Amortization provision	346	307
Valuation adjustments (Schedule 4)	294	51
Materials and supplies	210	221
Pension liability funding	186	178
Travel and communication	131	126
Corporate tax interest refunds	64	31
Other	20	19
	$ 20,657	$ 20,865

VALUATION ADJUSTMENTS

Schedule 4

In millions

	2003		2002
	Budget (Note 4)	Actual	Actual
Pension provisions	$ 58	$ 156	$ 29
Provision for losses, doubtful accounts, loans, guarantees and indemnities	50	132	19
Provision for employee benefits other than pensions	2	6	3
	$ 110	$ 294	$ 51

NET INCREASE IN CAPITAL ASSETS AFFECTING OPERATIONS

Schedule 5

In millions

	2003		2002
	Budget (Note 4)	Actual	Actual
Cost of capital assets acquired during the year	$ (433)	$ (537)	$ (643)
Amortization provision	340	346	307
	$ (93)	$ (191)	$ (336)

CASH AND TEMPORARY INVESTMENTS

Schedule 6

In millions

	2003		2002	
	Book Value	Fair Value	Book Value	Fair Value
Fixed-income securities (a)				
Government of Canada, direct and guaranteed	$ 110	$ 110	$ 225	$ 225
Provincial, direct and guaranteed	43	44	86	87
Municipal, direct and guaranteed	2	2	-	-
Corporate	523	524	1,320	1,321
Pooled investment funds	15	15	15	15
	693	695	1,646	1,648
Cash and cash equivalents	1,018	1,018	296	296
	$ 1,711	$ 1,713	$ 1,942	$ 1,944

a) Fixed-income securities had an average effective market yield of 3.0% per annum (2002 2.8% per annum). 85% (2002 75%) of the securities had terms to maturity of less than one year.

PORTFOLIO INVESTMENTS **Schedule 7**

	In millions			
	2003		2002	
	Book Value	Fair Value	Book Value	Fair Value
Fixed-income securities (a)(b)(c)				
Government of Canada, direct and guaranteed	$ 392	$ 393	$ 753	$ 756
Provincial, direct and guaranteed	963	967	975	987
Municipal	82	82	140	142
Corporate	1,368	1,367	2,350	2,359
Pooled investment funds	3,859	3,842	4,272	4,168
	6,664	6,651	8,490	8,412
Equities (c)				
Canadian	2,810	2,818	2,875	3,131
Foreign	4,498	3,960	4,733	4,581
Real estate	899	973	663	694
Absolute return strategies	321	320	-	-
	8,528	8,071	8,271	8,406
	$ 15,192	$ 14,722	$ 16,761	$ 16,818

a) The majority of the Province's fixed-income securities are held by the Alberta Heritage Savings Trust Fund (Heritage Fund). As at March 31, 2003, the Heritage Fund held $3.47 billion (2002 $5.22 billion) of public fixed-income securities at cost (Fair value $3.45 billion (2002 $5.13 billion)). The securities held have an average effective market yield of 5.5% (2002 5.4%) per annum and the following term structure based on principal amount.

	2003	2002
	%	%
Under 1 year	2	31
1 to 5 years	37	26
6 to 10 years	29	21
11 to 20 years	13	9
Over 20 years	19	13
	100	100

b) Fixed-income securities are also held by the General Revenue Fund to repay debt as it matures and to provide funding for the capital plan. As at March 31, 2003, the General Revenue Fund held $2.78 billion (2002 $2.78 billion) of public fixed-income securities at cost (Fair value $2.78 billion (2002 $2.80 billion)). The securities held have an average effective market yield of 3.4% (2002 3.3%) per annum. All (2002 98%) of the securities held had terms to maturity of less than two years.

c) The Heritage Fund and the endowment funds identified in Note 4 use derivative contracts to enhance return, hedge risks and manage asset mix. As at March 31, 2003, the notional amount of all derivative contracts issued by these funds amounted to $2.2 billion (2002 $1.69 billion). 72% (2002 67%) of these contracts mature within one year. As at March 31, 2003, index swap and futures contracts, forward foreign exchange contracts and interest rate swap contracts with a notional amount of $1.89 billion (2002 $1.25 billion) had a negative fair value of $7 million (2002 $1 million). Cross-currency interest rate swap contracts, which comprised the remaining notional amount of $0.31 billion (2002 $0.44 billion), are valued as a package including the underlying security. As at March 31, 2003, the combined fair value of cross-currency swaps and underlying securities amounted to $0.32 billion (2002 $0.44 billion).

EQUITY IN COMMERCIAL ENTERPRISES

Schedule 8

	In millions	
	2003	**2002**
Accumulated surpluses		
Accumulated surpluses at beginning of year	$ 839	$ 629
Total revenue	3,454	3,450
Total expense	1,605	1,672
Net revenue	1,849	1,778
Net transfers to departments and other adjustments	(1,626)	(1,568)
Accumulated surpluses at end of year	$ 1,062	$ 839
Represented by		
Assets		
Loans	$ 11,691	$ 10,399
Investments	661	790
Other	1,256	1,697
	13,608	12,886
Liabilities		
Accounts payable	404	592
Deposits	12,097	11,425
Unmatured debt	45	30
	12,546	12,047
	$ 1,062	$ 839
Equity in commercial enterprises at end of year		
As reported by the entities		
Alberta Treasury Branches	$ 791	$ 592
Alberta Gaming and Liquor Commission	184	166
Credit Union Deposit Guarantee Corporation	85	79
N.A. Properties (1994) Ltd.	2	2
	1,062	839
Elimination of inter fund/agency balances	86	50
	$ 1,148	$ 889

LOANS AND ADVANCES

Schedule 9

	In millions	
	2003	**2002**
Loans and advances made under the authority of		
Alberta Municipal Financing Corporation Act (a)	$ 3,830	$ 3,691
Agriculture Financial Services Act (b)	981	967
Alberta Heritage Savings Trust Fund Act	174	158
Student Loan Act	149	81
Farm Credit Stability Act	42	73
Alberta Housing Act	21	25
Financial Administration Act	13	23
	5,210	5,018
Less allowance for doubtful accounts	188	139
	$ 5,022	$ 4,879

a) Municipal loans on average yield 8.3% (2002 9.0%) per annum and have the following term structure as at March 31, 2003.

	2003	**2002**
	%	%
Under 1 year	2	1
1 to 5 years	23	19
6 to 10 years	32	39
Over 10 years	43	41
	100	100

The fair value of the loans as at March 31, 2003 was $4,406 million (2002 $4,207 million).

b) Agricultural loan portfolios on average yield 7.2% to 7.4% (2002 7.1% to 7.4%) per annum and have the following term structure as at March 31, 2003.

	2003	**2002**
	%	%
Under 1 year	11	7
1 to 5 years	36	30
6 to 10 years	27	32
Over 10 years	26	31
	100	100

The fair value of the loans as at March 31, 2003 was $927 million (2002 $917 million).

INVENTORIES HELD FOR RESALE

Schedule 10

	In millions	
	2003	**2002**
Royalty oil	$ 32	$ 39
Other inventories	27	13
	$ 59	$ 52

UNMATURED DEBT **Schedule 11**

In millions

	2003				2002	
	Effective Rate (a)(b)(c) %	Duration (d) years	Book Value (a)	Fair Value (a)	Book Value (a)	Fair Value (a)
Direct debt						
Canadian dollar debt and fully hedged foreign currency debt						
Floating rate and short-term fixed rate (e)	4.89	0.28	$ 1,456	$ 1,493	$ 1,065	$ 1,091
Fixed rate long-term (f)	6.89	4.43	3,795	4,245	4,504	4,909
	6.33	3.35	5,251	5,738	5,569	6,000
Unhedged U.S. dollar debt (g)						
Floating rate and short-term fixed rate (e)	1.61	0.10	1,056	1,050	2,303	2,448
Fixed rate long-term	6.68	1.19	504	554	510	593
	3.25	0.48	1,560	1,604	2,813	3,041
	5.63	2.72	6,811	7,342	8,382	9,041
Alberta Social Housing Corporation						
Canadian dollar fixed rate debt			82	82	83	83
			$ 6,893	$ 7,424	$ 8,465	$ 9,124

a) Book value represents the amount the Province owes. Fair value is an approximation of market value to the holder. The book value, fair value and weighted average effective rate include the effect of interest rate and currency rate swaps. For non-marketable issues, the effective rate and fair value are determined by reference to yield curves for comparable quoted issues.

b) Weighted average effective rates on unhedged U.S. dollar debt are based upon debt stated in U.S. dollars.

c) Weighted average effective rate on total direct debt is on debt inclusive of deferred exchange gains and losses on unhedged U.S. dollar debt (see note (g)).

d) Duration is the weighted average term to maturity of a security's cash flows (i.e. interest and principal) and is a measure of price volatility. The greater the duration of a bond, the greater its percentage price volatility.

e) Floating rate debt includes short-term debt, term debt with less than one year remaining to maturity, and term debt with interest rate reset within a year.

f) Canadian dollar fixed rate debt includes $679 million (2002 $679 million) held by the Canada Pension Plan Investment Fund.

g) Unhedged U.S. dollar debt is translated into Canadian dollars at the March 31 noon exchange rate of $1.47 per U.S. dollar (2002 $1.59 per U.S. dollar). Deferred exchange gains on unhedged U.S. dollar debt amounted to $23 million at March 31, 2003 (2002 deferred exchange losses of $83 million). Amortization of deferred exchange gains amounted to $50 million for the year ended March 31, 2003 (2002 amortization of deferred exchange losses of $107 million).

Schedule 11 (continued)

Debt principal repayment requirements at par in each of the next five years, including short-term debt maturing in 2003-04 and thereafter, are as follows:

	In millions	
	Total	**Includes Unhedged**
2003-04	$1,780	US$ 500
2004-05	1,592	439
2005-06	1,301	108
2006-07	116	-
2007-08	269	-
Thereafter	1,830	-
	$6,888	US$1,047

None of the debt has call provisions (2002 $110 million).

Derivative financial instruments

The Province uses interest rate swaps and currency rate swaps and contracts to manage the interest rate risk and currency exposure associated with unmatured debt. In addition, forward interest rate agreements may be used to manage interest rate exposure in the short term. Associated with these instruments are credit risks that could expose the Province to potential losses. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Credit exposure to counterparties is insignificant in relation to the notional principal amount, as shown in the table below. The Province minimizes its credit risk associated with these contracts by dealing with only credit worthy counterparties.

Interest rate swaps involve the exchange of a series of interest payments, either at a fixed or floating rate, based upon a contractual or notional principal amount. An interest rate swap agreement based upon a notional amount involves no exchange of underlying principal. The notional amount serves as the basis for determining the exchange of interest payments. At March 31, 2003, interest rate swap agreements were being used primarily to convert fixed interest rate payments to floating rates.

Cross currency interest rate swaps involve both the swapping of interest rates and currencies.

The following table summarizes the Province's derivative portfolio and related credit exposure. Notional amount represents the amount to which a rate or price is applied in order to calculate the exchange of cash flows. Replacement cost represents what it would cost to replace at current market rates all contracts which have a positive market value.

	In millions			
	2003		**2002**	
	Notional Amount	**Replacement Cost**	**Notional Amount**	**Replacement Cost**
Interest rate swaps	$ 1,908	$ 24	$ 2,493	$ 29
Cross currency interest rate swaps	536	-	1,070	-
	$ 2,444	$ 24	$ 3,563	$ 29

	In millions	
	2003	2002
Alberta Municipal Financing Corporation		
Canadian dollar fixed rate debt (a)	$ 3,671	$ 3,431
Equity (b)	$ 28	$ 128

a) Canadian dollar fixed rate debt includes $2,706 million (2002 $2,881 million) held by the Canada Pension Plan Investment Fund and has the following characteristics as at March 31, 2003 (see Schedule 11 note (a)).

	2003	2002
Fair value (in millions)	$ 4,245	$ 4,038
Effective rate per annum	8.9%	10.2%

Debt principal repayment requirements in each of the next five years, including short-term debt maturing in 2003-04 and thereafter, are as follows:

	In millions
2003-04	$ 566
2004-05	339
2005-06	424
2006-07	395
2007-08	335
Thereafter	1,612
	$ 3,671

b) Alberta Municipal Financing Corporation equity has been included in liabilities of the Province because it represents profits which the Corporation has the power to pay to municipal and other shareholders that have borrowed from the Corporation.

While the Province is committed to provide future funding to pension plans for its active employees, as disclosed in Note 10, the Province had no outstanding costs or obligations in respect of these pension plans at March 31, 2003.

However, in respect of other public sector pension plans, the Province has pension obligations as described below.

	In millions	
	2003	**2002**
Obligations to pension plans for employees of organizations outside the government reporting entity		
Teachers' Pension Plan (a)	$ 3,965	$ 3,890
Universities Academic Pension Plan (b)	157	151
Special Forces Pension Plan (b)	60	52
	4,182	4,093
Obligations to pension plans for current and former employees and Members of the Legislative Assembly		
Public Service Management (Closed Membership) Pension Plan (c)	696	630
Members of the Legislative Assembly Pension Plan (d)	49	48
	745	678
	$ 4,927	$ 4,771

a) The Teachers' Pension Plans Act requires all teachers under contract with public and separate school jurisdictions in Alberta to contribute to the Teachers' Pension Plan. Under the Act, the unfunded liability for service credited prior to September 1, 1992 is being financed by additional contributions in the ratio of 67.35% by the Province and 32.65% by the teachers over the period ending August 31, 2060. In addition, for service after August 1992, the Province funds 50% of any current service costs and related actuarial adjustments, including certain cost of living benefits. During 2002-03, a one-time contribution of $60 million towards the pre-1992 unfunded liability was made by the Province.

The Act provides that payment of all benefits prior to September 1, 1992 is guaranteed by the Province.

b) Under the Public Sector Pension Plans Act, the Province has obligations for payment of additional contributions under defined benefit pension plans for certain employees of post-secondary educational institutions and municipalities. The plans are the Universities Academic and Special Forces pension plans.

For Universities Academic, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions of 1.25% of pensionable salaries by the Province, and such percentages by employers and employees as will fund equally the remaining amount as determined by the plan valuation, over the period ending on or before December 31, 2043. Current service costs are funded by employers and employees.

For Special Forces, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions in the ratio of 45.45% by the Province and 27.27% each by employers and employees, over the period ending on or before December 31, 2036. Current service costs are funded by employers and employees. The Act provides that payment of all benefits arising from pensionable service prior to 1994, excluding post-1991 cost of living adjustment benefits, is guaranteed by the Province.

Schedule 13 (continued)

c) The Public Service Management (Closed Membership) pension plan provides benefits to former members of the Public Service Management pension plan who were retired, were entitled to receive a deferred pension or had attained 35 years of service before August 1, 1992.

d) The Province has a liability for payment of pension benefits under a defined benefit pension plan for certain current and former Members of the Legislative Assembly. Active participation in this plan was terminated as of June 1993, and no benefits can be earned for service after that date.

Pension obligations are based upon actuarial valuations performed at least triennially using the projected benefit method prorated on services. The assumptions used in the valuations were adopted after consultation between the pension plan boards, the government and the actuaries, depending on the plan, and represent best estimates of future events. Each plan's future experience will inevitably vary, perhaps significantly, from the assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations. Gains and losses are amortized over the expected average remaining service lives of the related employee groups.

Information about the economic assumptions used in the most recent actuarial valuations is provided below for each plan for which there is an obligation. Demographic assumptions used in the valuations reflect the experience of the plans.

Plan	Latest Valuation	Real Rate of Return %	Inflation Rate %	Investment Rate of Return %
Teachers' Pension Plan	August 31, 2002	4.5	3.0	7.5
Universities Academic Pension Plan	December 31, 2000	4.0	3.5	7.5
Special Forces Pension Plan	December 31, 2001	3.75	3.25	7.0
Public Service Management (Closed Membership) Pension Plan	December 31, 2002	3.0	3.0	6.0
Members of the Legislative Assembly Pension Plan	March 31, 2003	3.0	3.0	6.0

These actuarial valuations indicated a deficiency of net assets over the actuarial present value of accrued benefits. Including deferred adjustments, these unfunded liabilities were extrapolated to March 31, 2003.

A separate pension plan fund is maintained for each pension plan except for the Members of the Legislative Assembly plan. Pension plan fund assets are invested in both marketable investments of organizations external to the government and in Province of Alberta bonds and promissory notes.

OTHER ACCRUED LIABILITIES **Schedule 14**

	In millions	
	2003	**2002**
Future funding to school boards to enable them to repay debentures issued to the Alberta Municipal Financing Corporation	$ 608	$ 698
Vacation entitlements	153	147
Guarantees, indemnities and remissions		
Guarantees (Schedule 15)	14	18
Remissions for guaranteed student loans (Schedule 15)	6	12
Remissions for non-guaranteed student loans	68	100
	88	130
Future funding to settle obligations under the credit union deficit financing agreement	-	78
Other	3	5
	$ 852	$ 1,058

GUARANTEES (a) **Schedule 15**

In millions

	2003	2002	Expiry Date
Student Loan Act	$ 58	$ 80	Ongoing
Feeder associations	52	52	Ongoing
Alberta Housing Act	50	81	2018
Agriculture Financial Services Act	45	51	Ongoing
Farm Credit Stability Act (b)	43	73	2011
Centre for Engineering Research Inc.	2	2	2005
Securities Act	2	2	Ongoing
University of Calgary	1	1	2016
Rural utilities loans	1	1	2015
	254	343	
Less estimated liability (Schedule 14)			
Guarantees	14	18	
Remissions for guaranteed student loans	6	12	
	20	30	
	$ 234	$ 313	

a) Authorized loan guarantee limits are shown below where applicable. Where authorized loan guarantee limits are not noted, the authorized limits decline as guaranteed or indemnified loans are repaid.

No new program guarantees are being issued under the Farm Credit Stability Act and the Rural Utilities Act.

Guarantee programs under the following Acts are ongoing:

- Student Loan Act (authorized guarantee limit set by Order in Council is $400 million),
- Feeder Associations Guarantee Act (authorized guarantee limit set by Order in Council is $55 million),
- Agriculture Financial Services Act, and
- Securities Act.

The lender takes appropriate security prior to issuing to the borrower a loan which is guaranteed by the Province. The security taken depends on the nature of the loan. Interest rates are negotiated with the lender by the borrower and typically range from prime to prime plus two per cent.

b) The expiry date shown is the latest expiry date for guaranteed loans under the program.

The financial statements of the following organizations are consolidated in these financial statements:

Offices of the Legislative Assembly
Support to the Legislative Assembly
Office of the Auditor General
Office of the Ombudsman
Office of the Chief Electoral Officer
Office of the Ethics Commissioner
Office of the Information and Privacy Commissioner

Departments
Aboriginal Affairs and Northern Development
Agriculture, Food and Rural Development
Children's Services
Community Development
Economic Development
Energy
Environment
Executive Council
Finance
Gaming
Government Services
Health and Wellness
Human Resources and Employment
Infrastructure
Innovation and Science
International and Intergovernmental Relations
Justice
Learning
Municipal Affairs
Revenue
Seniors
Solicitor General
Sustainable Resource Development
Transportation

Regulated Funds
Alberta Heritage Foundation for Medical Research Endowment Fund
Alberta Heritage Savings Trust Fund
Alberta Heritage Scholarship Fund
Alberta Heritage Science and Engineering Research Endowment Fund
Alberta Risk Management Fund
Alberta School Foundation Fund
Crop Reinsurance Fund of Alberta
Environmental Protection and Enhancement Fund

Schedule 16 (continued)

Regulated Funds (continued)
Historic Resources Fund
Lottery Fund
Provincial Judges and Masters in Chambers Reserve Fund
Supplementary Retirement Plan Reserve Fund
Victims of Crime Fund

Provincial Agencies
Agriculture Financial Services Corporation
Alberta Alcohol and Drug Abuse Commission
Alberta Dairy Control Board (a)
Alberta Energy and Utilities Board
Alberta Foundation for the Arts
The Alberta Historical Resources Foundation
Alberta Informatics Circle of Research Excellence Inc.
Alberta Municipal Financing Corporation (b)
Alberta Opportunity Company (a)
Alberta Pensions Administration Corporation
Alberta Petroleum Marketing Commission
Alberta Research Council Inc.
Alberta Science and Research Authority
Alberta Securities Commission
Alberta Social Housing Corporation
Alberta Sport, Recreation, Parks and Wildlife Foundation
Awasak Child and Family Services Authority
Calgary Rocky View Child and Family Services Authority
Child and Family Services Authority Region 13
Diamond Willow Child and Family Services Authority
Edmonton Community Board for Persons with Developmental Disabilities
The Government House Foundation
Hearthstone Child and Family Services Authority
Human Rights, Citizenship and Multiculturalism Education Fund
Keystone Child and Family Services Authority
Ma'Mowe Capital Region Child and Family Services Authority
Metis Settlements Child and Family Services Authority
Natural Resources Conservation Board
Neegan Awas'sak Child and Family Services Authority
Persons with Developmental Disabilities Calgary Region Community Board
Persons with Developmental Disabilities Central Alberta Community Board
Persons with Developmental Disabilities Foundation (a)
Persons with Developmental Disabilities Michener Centre Facility Board
Persons with Developmental Disabilities Northeast Alberta Community Board
Persons with Developmental Disabilities Northwest Alberta Community Board
Persons with Developmental Disabilities Provincial Board
Persons with Developmental Disabilities South Alberta Board
Region 14 Child and Family Services Authority

Schedule 16 (continued)

Provincial Agencies (continued)
Ribstone Child and Family Services Authority
Sakaigun Asky Child and Family Services Authority
Sakaw-Askiy Child and Family Services Authority
Silver Birch Child and Family Services Authority
Southeast Alberta Child and Family Services Authority
Sun Country Child and Family Services Authority
West Yellowhead Child and Family Services Authority
The Wild Rose Foundation
Windsong Child and Family Services Authority

Non-commercial Crown-controlled Corporation
Alberta Insurance Council

The following organizations are accounted for on the modified equity basis in these financial statements:

Commercial Enterprises
Alberta Gaming and Liquor Commission
The Alberta Government Telephones Commission
Alberta Treasury Branches
Credit Union Deposit Guarantee Corporation
N.A. Properties (1994) Ltd.

Commercial Crown-controlled Corporation
Gainers Inc.

a) Dissolved or merged with another entity in 2002-03.
b) Name changed to Alberta Capital Finance Authority after year end.

Measuring Up

Measuring Up

ABOUT MEASURING UP . . .

PURPOSE OF MEASURING UP

This is the ninth annual *Measuring Up* report to Albertans. The purpose of *Measuring Up* is to report on progress made towards achieving goals that are important to Albertans. *Measuring Up* meets the government's commitment to be open and accountable as required under section 10 of the *Government Accountability Act*.

REPORTING ON RESULTS

The results reported in this year's *Measuring Up* relate to the *2002-05 Government of Alberta Business Plan* published as part of *Budget 2002 - The Right Decisions for Challenging Times*. The government's business plan is an ongoing three-year plan that focuses the government's efforts on three core businesses - *People, Prosperity* and *Preservation*. Goals are established for each of the core businesses. To track progress in meeting goals, "core" measures are determined and targets set. Each year in *Measuring Up*, the government reports to Albertans on progress made towards achieving the goals.

PRIORITY POLICY CROSS-MINISTRY INITIATIVES

In addition to the goals for the core businesses, the Government Business Plan focuses on four priority policy cross-ministry initiatives. These initiatives address priority issues that cut across the goals. Finding innovative and effective ways of addressing Albertans' needs requires cooperation among ministries.

The 2002-03 initiatives are the Aboriginal Policy Initiative, the Alberta Children and Youth Initiative, the Economic Development Strategy, and the Health Sustainability Initiative. Information on the government's progress in relation to the objectives and targets established for each of the four initiatives is reported following the presentation of the government's goals.

STRUCTURE OF PERFORMANCE REPORTING

This report covers the *2002-05 Government Business Plan*, which set out 19 goals and 26 core performance measures.

The set of core measures presented in *Measuring Up* is evolving over time. New measures are added and others are dropped or revised in an effort to use the best measures that are available, and to keep the report focused on emerging priority issues for each of the goals.

Supplemental measures are also provided to give Albertans more information on progress made towards achieving the goals. Explanations of how major influences or external factors affected performance results are also included. This helps readers better assess performance over the past year. One example is the land quality core measure, which shows a need for improvement. The biggest factor affecting this measure was the drought in southern Alberta.

More detail on performance is provided to Albertans through ministries' annual reports, which is the second tier of reporting to Albertans on performance. Each ministry prepares a set of "key" performance measures for their business plan goals, which link to the government business plan goals. Ministries' annual reports are published in the fall of each year.

DATA QUALITY

One of the most important issues in performance reporting is data quality. A performance measure is only relevant to the extent that data is available and reliable. In practice, however, up-to-date data often is not available because of reporting lags especially if international reporting is involved. As well, provincial data often is not available from external sources. In some cases, sources stop publishing data on a provincial basis, which means that new data sources must be found or the measure changed. *Measuring Up* uses the most current data available from reliable sources.

CORE MEASURES METHODOLOGY

The Core Measures Methodology appendix provides a brief explanation of the data sources for the core measures, and any relevant procedures used to arrive at the results. Sometimes, the method of reporting results may change due to improved or updated measurement procedures. Any changes in how results are measured are explained in the methodology section. In some cases, previous years' results are updated or revised to be consistent with new methodology. These revisions are noted in the charts.

INTERRELATIONSHIPS BETWEEN CORE MEASURES

Each core measure is important but should not be considered in isolation since there are linkages among some core measures. One example is the economic growth core measure. A strong, growing provincial economy will tend to influence some performance measures, such as employment growth, positively and others, such as workplace climate, negatively.

FACTORS AFFECTING RESULTS

Measuring Up reports on progress in meeting goals of importance to Albertans. The extent to which a performance measure meets its target provides a comment on the strategies being used by the government. At the same time, the ability to meet targets for core measures often depends on the actions of all Albertans and on external events. For example, the GDP core measure depends on the policies of the government to foster economic growth. In addition, economic growth also depends on the actions of Alberta households and businesses and on the strength of the world economy, as Alberta is an open, trade-based economy. Another example is the life expectancy core measure, which is an internationally recognized performance indicator. There is a role for government in achieving the target to be among the top ten in the world. There is also a role for individual Albertans through lifestyle choices.

PERFORMANCE SUMMARY TABLE

Measuring Up begins with a performance summary table of the core measures for the 19 goals. The table shows the current and previous results, and the target for each core measure.

LOOKING AHEAD

The *2003-06 Government Business Plan*, published as part of *Alberta 2003 Budget - Making Alberta Even Better*, shows the government's current strategies for achieving its goals. The strategies in the new plan reflect the government's response to changes in circumstances, external events and issues of importance to Albertans.

Next year, *Measuring Up* will report on the *2003-06 Government Business Plan*, which has been restructured from previous years' plans. The plan has 12 new goals instead of the current 19, and a set of core measures for each goal. Many of the supplemental measures presented in this year's report have been established as core measures in the new plan.

AN INVITATION TO RATE OUR PERFORMANCE

After reading *Measuring Up*, please tell us what you think of it. **Please complete our** Readership Survey. You can also contact us by e-mail at measuringup@gov.ab.ca.

AUDITOR GENERAL
Alberta

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Information

TO THE MEMBERS OF THE LEGISLATIVE ASSEMBLY

In connection with the Province of Alberta's core measures and supplemental information included on pages 56 to 119 in the Government of Alberta Annual Report for the year ended March 31, 2003, I have:

Core Measures

1. agreed information from an external organization to reports from the organization, or where information is reported as not available, confirmed that the information is not available.
2. agreed information from reports that originated within the Government of Alberta to source reports. In addition, I tested the procedures used to compile the underlying data into the source reports.
3. checked that the presentation of results is consistent with the methodology stated in the Appendix.
4. checked that the results presented are comparable to stated targets, and information presented in prior years.
5. checked that the core measures, as well as targets, agree to and include results for all of the measures presented in Budget 2002.

Supplemental Information

6. agreed the information to source reports. In addition, I checked that the supporting narrative is consistent with the information.

As a result of applying the above procedures, I found no exceptions. These procedures, however, do not constitute an audit and therefore I express no opinion on the core measures and supplemental information included in the Government of Alberta Annual Report for the year ended March 31, 2003.

FCA
Auditor General

Edmonton, Alberta
June 17, 2003

2002-03 Performance Summary

Core Business **People ...**

Measures	Description of Measures	Targets	Current Results	Previous Results
GOAL 1 Albertans will be healthy				
Life Expectancy at Birth	Life expectancy of Alberta females at birth and rank among the top ten countries in the world.	Greater than 82 Years Top 10 countries	82.4 Years 6th	82 Years 7th
	Life expectancy of Alberta males at birth and rank among the top ten countries in the world.	Greater than 77.1 Years Top 10 countries	77 Years 5th	77.1 Years 3rd
Health Status	Percentage of Albertans aged 18-64 that rate their health as "very good" or "excellent".	70% by 2003	63%	63%
	Percentage of Albertans aged 65 and over that rate their health as "good", "very good" or "excellent".	80% by 2003	80%	78%
GOAL 2 Our children will be well cared for, safe, successful at learning and healthy				
Well-Being of Children	Percentage, and inter-provincial rank, of Alberta children living above the Market Basket Measure (MBM) low-income threshold. This is the first year that actual MBM data is available.	Target to be established	85% 2nd	- -
GOAL 3 Alberta students will excel				
Educational Attainment	Percentage, and inter-provincial rank, of Albertans aged 25-34 that have completed high school.	90% by 2005 Top 3	89% 4th	90.1% 3rd
	Percentage, and inter-provincial rank, of Albertans aged 25-34 that have completed post-secondary education.	62% by 2005 Top 5	58% 7th	58.9% 5th
Literacy and Numeracy Levels	Percentage of Alberta's Grade 9 students that meet acceptable standards on provincial achievement tests in language arts.	85%	79%	79%
	Percentage of Alberta's Grade 9 students that meet acceptable standards on provincial achievement tests in math.	85%	65%	66%
GOAL 4 Albertans will be independent				
Economic Status of Albertans	Percentage, and inter-provincial rank, of Albertans living above the Market Basket Measure low-income threshold. This is the first year that actual MBM data is available.	Target to be established	88% 2nd	- -
GOAL 5 Albertans unable to provide for their basic needs will receive help				
Economic Status of Albertans	See Goal 4 – Albertans will be independent	See Goal 4 above	See Goal 4 above	-
GOAL 6 The well-being and self-reliance of Aboriginal people will be comparable to that of other Albertans				
Aboriginal Well-Being	Percentage difference in employment rates of Aboriginal Albertans and other Albertans.	Less than 10% by 2010	No Data	No Data
	Percentage of Alberta's Aboriginal learners 15 years of age or older with high school completion.	60% by 2010	..	..
	Percentage of Aboriginal learners 15 years of age or older with post-secondary completion.	30% by 2010	..	..
	The difference in life expectancy of Registered Indians in Alberta and all Albertans.	Reduce 1 Year by 2010	..	..

2002-03 Performance Summary

Core Business **Prosperity ...**

Measures	Description of Measures	Targets	Current Results	Previous Results
GOAL 7 Alberta will have a prosperous economy				
Gross Domestic Product	Long term growth rate of the Alberta economy as measured by the three-year average annual growth rate of nominal provincial GDP.	4%	9.2%	11.7%
Job Growth	Cumulative number of net new jobs created in Alberta on an annual average basis since 1999.	295,000 over 6 years	120,500 over 3 years	78,800 over 2 years
GOAL 8 Alberta's workforce will be skilled and productive				
Skill Development	Percentage of employers satisfied with the skills of recent degree, diploma or certificate graduates.	85%	87.4%	85.9%
GOAL 9 Alberta businesses will be increasingly innovative				
Business Innovation	Alberta's inter-provincial rank of business use of the Internet as measured by the percentage of Alberta households with at least one member who uses the Internet at work.	Top 3	1st	1st
GOAL 10 Alberta's value-added industries will lead economic growth				
Value-Added Industries	Percentage of Alberta's provincial GDP contributed by the manufacturing and knowledge-intensive service industries as proxies for value-added industries in Alberta.	Greater than 28.9%	29.3%	28.9%
GOAL 11 Alberta will have effective and efficient infrastructure				
Infrastructure Capacity	Ease of traffic flow on rural sections of Alberta's National Highway System, measured by the percentage of the system at Level of Service B or better.	95%	97.7%	95.4%
	Utilization rate of our export gas pipelines measured July and January of each year. Previous results not available due to change in methodology. See appendix.	Less than 100%	83% in July '02 86% in Jan. '03	Previous results not comparable
	Level of sponsored research at Alberta's universities.	Greater than $368.8 million	$437.5 million	$368.8 million
GOAL 12 Alberta will have a financially stable, open and accountable government				
Provincial Credit Rating	Alberta's inter-provincial rank of blended credit rating for domestic debt.	1st	1st	1st
Accumulated Debt	Alberta's accumulated debt, which is the sum of the outstanding consolidated debt of the General Revenue Fund, the debt of the Alberta Social Housing Corporation and the government's liability for school construction.	Eliminate no later than 2024-25	$4.7 billion	$5.7 billion
Government Accountability	Percentage of Albertans aware of the government's financial performance in the past year.	80%	63%	53%
GOAL 13 Alberta will have a fair and safe work environment				
Workplace Climate	Alberta's inter-provincial rank of the number of person-days lost due to work stoppages, per 10,000 person-days worked.	Top 3	8th	2nd
	Alberta's inter-provincial rank of the number of person-days lost due to workplace injury and disease, per 10,000 person-days worked	Top 3	No New Data	3rd
GOAL 14 Alberta businesses will increase exports				
Export Trade	Alberta's international value-added exports, measured in current dollars. This includes manufactured goods, tourism and other services.	$28.5 billion by 2004	$21.0 billion	$22.2 billion

Core Business

Preservation ...

Measures	Description of Measures	Targets	Current Results	Previous Results
GOAL 15 Alberta will be a safe place to live and raise families				
Crime Rate	Alberta's violent crime rates expressed as a percentage of the national rate.	Less than 100% by 2005	111%	108%
	Alberta's property crime rates expressed as a percentage of the national rate.	Less than 100% by 2005	109%	109%
GOAL 16 Alberta's renewable natural resources will be sustained				
Renewable Resource Sustainability	Alberta's annual timber harvests compared to the long-term sustainable annual allowable cut (AAC).	At or below AAC	Below AAC	Below AAC
	Alberta's annual provincial crop yield per acre converted to a standard base of tonnes per acre of wheat.	.92 tonnes/acre by 2004	.45 tonnes /acre	.77 tonnes /acre
GOAL 17 The high quality of Alberta's environment will be maintained				
Water Quality	Narrowing the upstream and downstream river water quality gap on Alberta's six major river systems while maintaining overall river water quality.	Bring downstream river water quality in line with upstream conditions while maintaining overall river quality	All 6 river systems had "good" or "excellent" water quality; 3 of 6 river systems narrowed the gap.	All 6 river systems had "good" or "excellent" water quality; 4 of 6 river systems narrowed the gap.
Air Quality	Percentage of "good" or "fair" days (no "poor" or "very poor" days) in Alberta as determined by outdoor concentrations of five major air pollutants monitored at nine stations across the province.	100%	100%	100%
Land Quality	Alberta's annual provincial crop yield per acre converted to a standard base of tonnes per acre of wheat.	.92 tonnes/acre by 2004	.45 tonnes/ acre	.77 tonnes/ acre
GOAL 18 Albertans will have the opportunity to enjoy the province's natural, historical and cultural resources				
Heritage Appreciation	Percentage of visitors satisfied overall with their experiences at Alberta's provincially-owned historic sites, museums and interpretive centers.	99.0%	97.9%	98.6%
	Percentage of visitors satisfied overall with their experiences at Alberta's provincial parks and recreation areas.	Target to be established	87.1%	No Data
GOAL 19 Alberta will work with other governments and maintain its strong position in Canada				
Inter-governmental Relations	Alberta's public approval rating in federal-provincial relations as a percentage of the average rating of the four nearest provinces.	100%	114%	126%

core business

People ...

The goals for the ***People*** core business are directed at improving the quality of life in Alberta for individuals and their families through the government's priorities for health, education, our children, those in need and Aboriginal Albertans.

Albertans will be healthy

PERFORMANCE SUMMARY

Albertans continued to rank among the top ten countries in the world for life expectancy. Over the past three years, there has been no change in the percentage of Albertans aged 18-64 who rated their health as "very good" or "excellent" however, the percentage of Albertans aged 65 and over who rated their health as "good", "very good" or "excellent" increased over the previous year. Since 2000, Albertans' view of the overall quality of care received remained consistently high.

Core Measure(s)

Life Expectancy at Birth	In 2001, life expectancy for Alberta females was 82.4 years compared to 82 years in 2000. Alberta females ranked sixth among countries compared to seventh in the year 2000. The target is to maintain or improve current life expectancy at birth and be among the top ten countries in the world. Life expectancy for Alberta males was 77 years compared to 77.1 years in 2000. Alberta males ranked fifth in 2001 compared to third in the year 2000. The target is to maintain or improve current life expectancy at birth and be among the top ten countries in the world.
Health Status	In 2003, 63% of Albertans age 18-64 rated their health status as "very good" or "excellent". Over the past three years, there has been no change in the percentage of Albertans aged 18-64 years who rated their health as "very good" or "excellent". The target is: By 2003, 70% of Albertans aged 18-64 rate their health as "very good" or "excellent". The percentage of Albertans age 65 and over who rated their health as "good", "very good" or "excellent" increased from 78% to 80% in 2003. The target is: By 2003, 80% of Albertans aged 65 and over rate their health as "good" or better.

The following ministries have key measures that support this goal: Health and Wellness.

DISCUSSION AND ANALYSIS

Life expectancy is a universally recognized indicator of the health of a population and self-reported health status is accepted across Canada as a means of reporting on population health. Life expectancy at birth is an estimate of the number of years that a person born in that year will live, based upon current mortality statistics. Self-reported health status reports the degree to which Albertans feel healthy compared to others their own age. Healthy lifestyles contribute to longevity and improved quality of life.

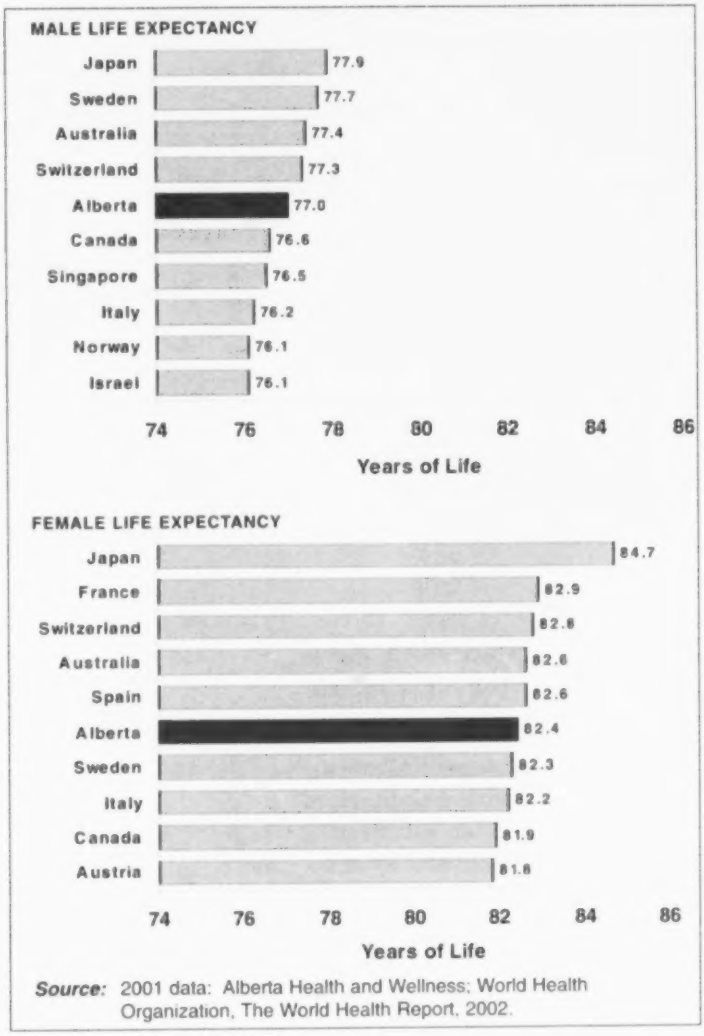
- Long life expectancy is related to access to health care, a healthy diet, and the benefits of a healthy environment and workplace (see also Air Quality, Water Quality and Workplace Climate measures). International comparisons have shown that life expectancy is also related to national wealth and economic development, the quality of the health care system and individual socio-economic status.
- Life expectancy is strongly affected by infant mortality and the four major causes of death: heart disease, cancer, respiratory disease and injuries. Reducing mortality rates from these factors will increase overall life expectancy for all Albertans.
- Self-reported health status is a good indicator of the health and well-being of Albertans. How people rate their own health is affected by a variety of factors including chronic disease, disability, temporary illness and mental health.

- According to the 2000-01 Canadian Community Health Survey, Alberta ranked fourth in the percentage of residents reporting "excellent" or "very good" health in comparison with other provinces. More than half of the respondents were exercising regularly, approximately half were at acceptable weight levels and a high percentage (72%) reported their smoking status as non-smoking.
- Albertans continue to receive high quality health services. Many of the ministry's actions and achievements directly affect the quality and effectiveness of health services. Funding ensures the appropriate levels of health professionals, staff, equipment, medications and supplies. Through legislation such as the *Health Professions Act* and the *Hospitals Act*, the government ensures that health professionals are highly skilled and professional in their interaction with patients and that health facilities are managed appropriately.

CORE MEASURE(S)

Life Expectancy at Birth - Males and Females (2001)

In 2001, the life expectancy for Alberta males and females ranked fifth and sixth respectively. In comparison to year 2000, males ranked third and females ranked seventh. The target for life expectancy is to maintain or improve current life expectancy at birth and be among the top 10 countries in the world.



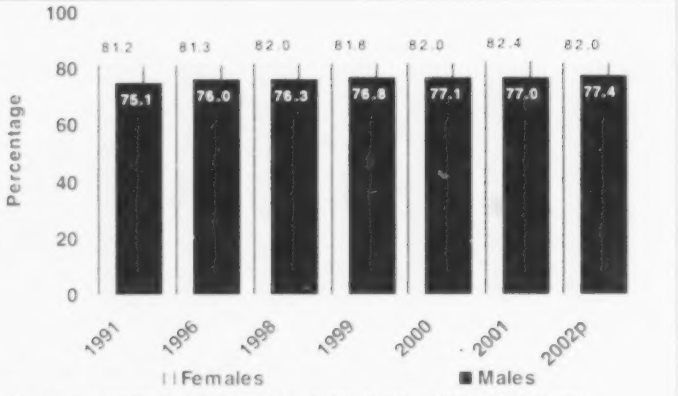
Source: 2001 data: Alberta Health and Wellness; World Health Organization, The World Health Report, 2002.

For more information, see the core measures methodology in the Appendix.

CORE MEASURE(S)

Life Expectancy at Birth - Alberta Females and Males

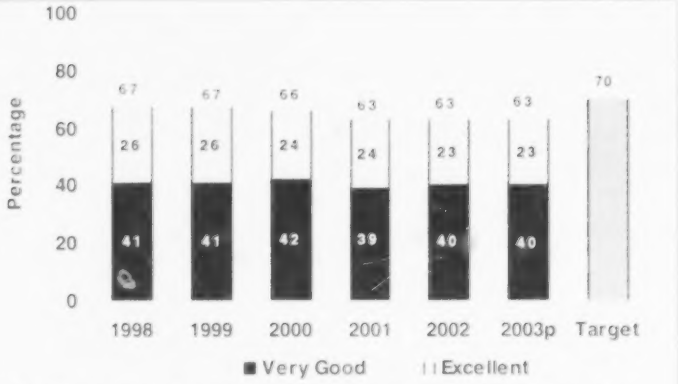
Based on preliminary estimates for 2002, life expectancy for females decreased slightly from 82.4 years in 2001 to 82 years in 2002. Life expectancy for males showed a small increase from 77.0 years in 2001 to 77.4 years in 2002.



Source: Statistics Canada (1991, 1996, 1998); Alberta Health and Wellness(1999-2002).
p = preliminary

Health Status - Albertans' Status as "Very Good" or "Excellent" (18-64 years)

In 2003, the percentage of Albertans age 18-64 years rating their health as "very good" or "excellent" remained the same, compared with 2002. The target is: By 2003, 70% of Albertans aged 18-64 rate their health as "very good" or "excellent".



Source: Annual Alberta Health and Wellness Survey (1998, 1999, 2000, 2001, 2002, 2003).
p = preliminary

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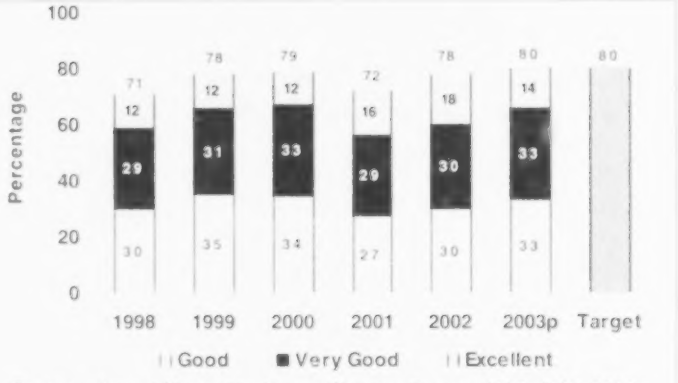

Source: Annual Alberta Health and Wellness Survey (1998, 1999, 2000, 2001, 2002, 2003).
p = preliminary

CORE MEASURE(S)

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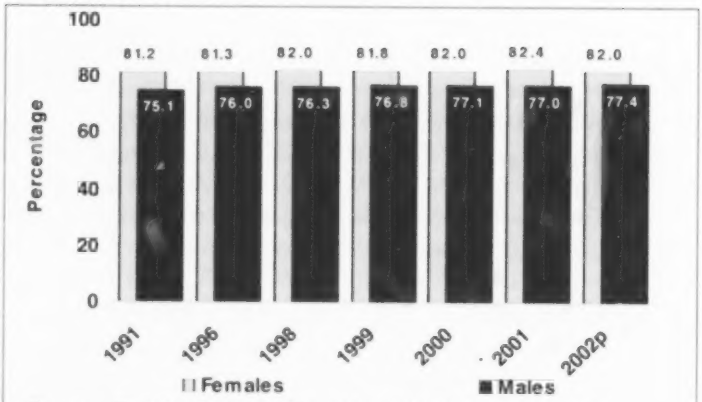

Source: Statistics Canada (1991, 1996, 1998); Alberta Health and Wellness(1999-2002).
p = preliminary

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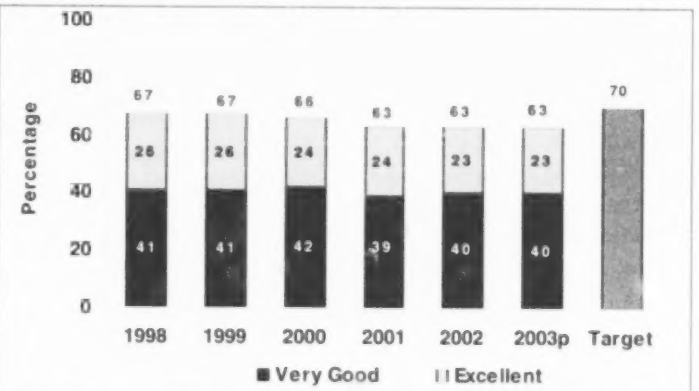

Source: Annual Alberta Health and Wellness Survey (1998, 1999, 2000, 2001, 2002, 2003).
p = preliminary

Health Status - Albertans' Status as "Good", "Very Good" or "Excellent" (65 years and over)

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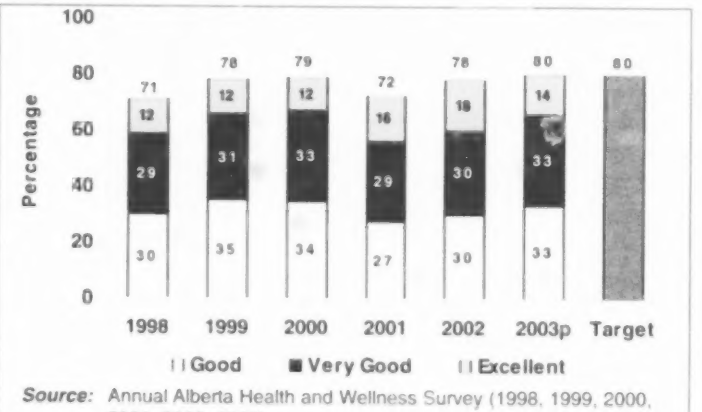
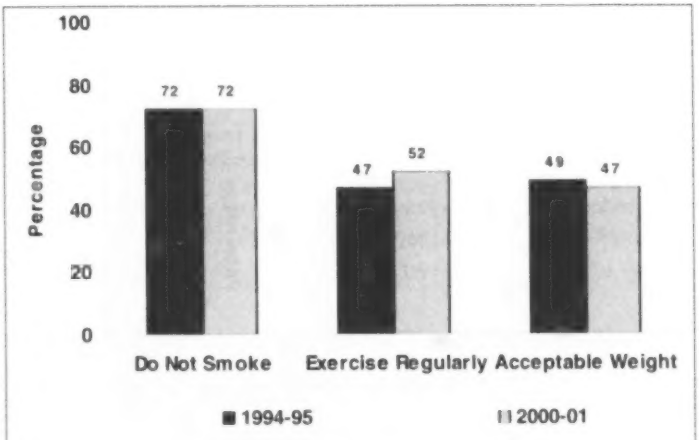


Source: Annual Alberta Health and Wellness Survey (1998, 1999, 2000, 2001, 2002, 2003).
p = preliminary

Supplemental Information

Albertans Participating in Healthy Behaviour

This chart shows the percentage of Albertans who reported participating in healthy behaviour (respondents are 12+ except for acceptable weight (20-64 years); 1994-95 and 2000-01 data excludes non-respondents).

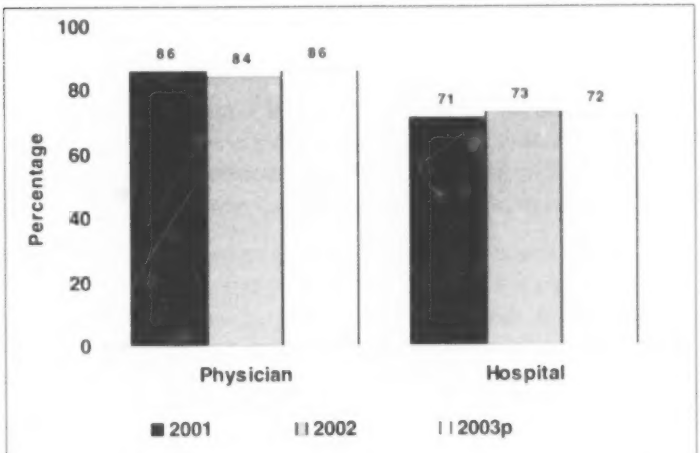


Source: National Population Health Survey, 1994-95; Historical data for 1994-95 revised for Exercise Regularly; Statistics Canada, Canadian Community Health Survey, 2000-01.

Note: Results for 'acceptable weight' are based on Body Mass Index (BMI) - international standard. Last year's *Measuring Up* report was based on the Canadian Standard.

Accessibility to Physician and Hospital Services

This chart shows Albertans' ratings of their ease of access to physician and hospital services. In 2003, 86% of Albertans surveyed rated their access to physician services as "easy" or "very easy" and 72% of respondents rated their access to hospital services as "easy" or "very easy".

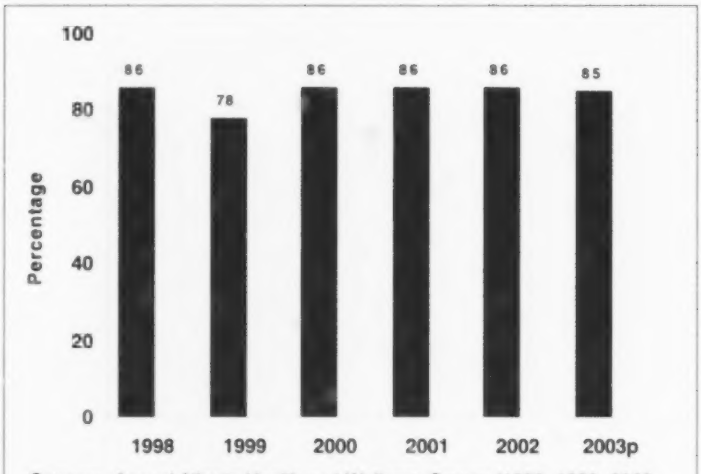


Source: Annual Alberta Health and Wellness Survey (2001, 2002, 2003).
p = preliminary

Supplemental Information

Overall Quality of Health Care Received

In 2003, 85% of Albertans reported that their overall quality of care they personally received was "excellent" or "good". Since 2000, results have remained constant in the rating of quality of services received.



Source: Annual Alberta Health and Wellness Survey (1998, 1999, 2000, 2001, 2002, 2003).

p = preliminary

GOAL TWO 2 Our children will be well cared for, safe, successful at learning and healthy

PERFORMANCE SUMMARY

Fewer children were economically disadvantaged compared to children in other provinces, based upon the Market Basket Measure of low-income for 2000.

Core Measure(s)

Well-Being of Children	In 2000, 85% of Alberta's children were living above the Market Basket Measure (MBM) low-income threshold, exceeding the Canadian average of 83%. Alberta has the second highest percentage of children living above 2000 MBM low-income thresholds compared to other provinces. This is the first year that actual data is available using the revised methodology.

The following ministries have key measures that support this goal: Children's Services.

DISCUSSION AND ANALYSIS

The Market Basket Measure (MBM) examines the percentage of Alberta children living in families with incomes above the relevant MBM low-income threshold compared to other provinces. Low income affects children and their families in negative ways. Children who live in poverty are at greater risk of experiencing problems such as illness, behaviour and learning difficulties, and family violence. Ensuring that children are safe, healthy and encouraged to learn is the most important goal of any society.

- The MBM determines the cost of a "market basket" of specified goods and services. Income to purchase the basket is based on family income, minus income taxes, payroll taxes, child care costs incurred to enable parent(s) to work, alimony, child support payments made by non-custodial parents, and out-of-pocket health care expenses including dental care, prescriptions, glasses, and disability aids.
- The basket includes the cost of a nutritious diet, clothing for work and social occasions, housing and transportation, and other goods and services including personal care items, household supplies, furniture, basic telephone service, reading material, school supplies, recreation and entertainment.
- A strong economy benefits people with low income. The Government of Alberta is committed to developing a strong economy through initiatives such as the Economic Development Strategy.
- Children living in low-income families may qualify for the Alberta Child Benefit, a premium-free health benefit plan that provides dental, optical, emergency ambulance, essential diabetic supplies and prescription drug coverage.
- Parents are legally obligated to support their children. This is why the Government of Alberta helps single parents and blended families receiving financial assistance to get support from the other parent of their child/children through the Family Maintenance program.

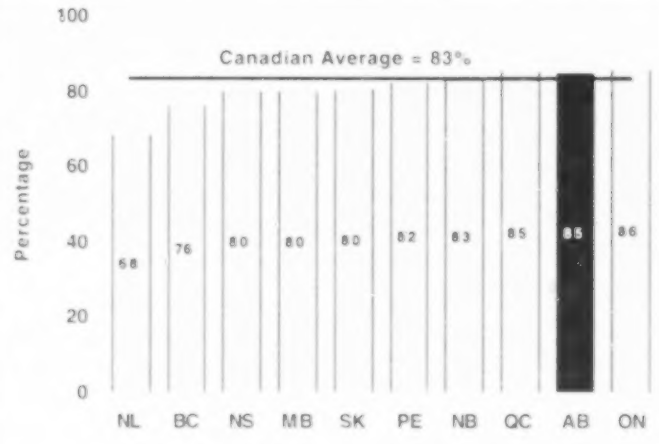
Our children will be well cared for, safe, successful at learning and healthy

- Under the *Child Welfare Act*, it is mandatory to report suspected child abuse or neglect. Child abuse occurs in a number of forms including physical abuse, emotional abuse, sexual abuse, and neglect. Results of such abuse and neglect often include significant emotional, psychological and physical harm as well as developmental delay or impairment. Children who are abused tend to experience more social problems and do not perform as well in school.
- Parents who make healthy choices about relationships, nutrition and the use of alcohol and drugs, will be better prepared for a healthy pregnancy. Babies who weigh less than 2,500 grams (approximately 6 pounds) are more likely to have birth-related complications, disabilities, birth defects, and other health problems. They are also more likely to have developmental delays, learning and behavioural problems and long-term health problems.

Core Measure(s)

Well-Being of Children - Children Living Above the MBM Low-Income Threshold (2000)

85% of Alberta children live in families with incomes above the MBM low-income threshold, exceeding the Canadian average.



Source: Human Resources Development Canada
Note: Preliminary data from 1996 and 1997 are not comparable to the MBM thresholds for 2000 due to differences in the composition of the basket

For more information, see the core measures methodology in the Appendix.

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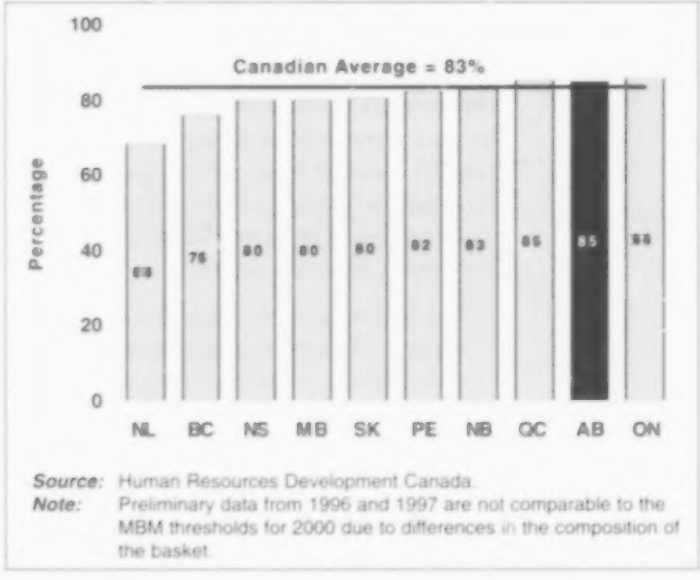


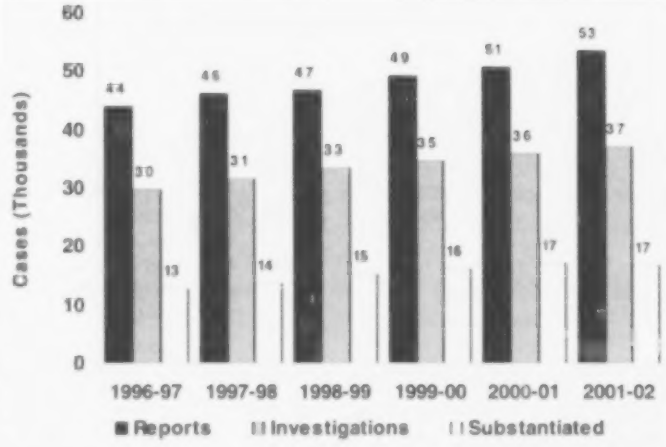
Source: Human Resources Development Canada.
Note: Preliminary data from 1996 and 1997 are not comparable to the MBM thresholds for 2000 due to differences in the composition of the basket.

For more information, see the core measures methodology in the Appendix.

SUPPLEMENTAL INFORMATION

Reported Child Abuse and Neglect in Alberta

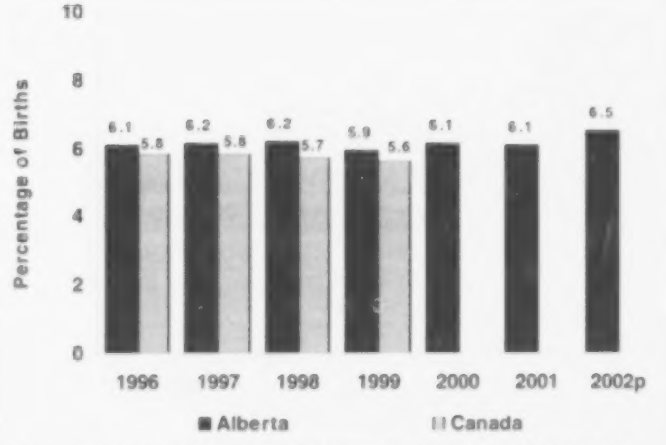
This chart shows the number of reports of child abuse or neglect cases and the number of cases investigated and substantiated during the year. The number of cases substantiated remains relatively constant over the years.



Source: Child Welfare Information System, Alberta Children's Services.

Newborns with Low Birth Weight

Based on preliminary results for 2002, the percentage of newborns with low birth weight increased from last year. Babies who weigh less than 2,500 grams (approximately 6 pounds) are considered to be in the low birth weight category.



Source: Alberta Vital Statistics data as reported by Alberta Health and Wellness; Statistics Canada.

p = preliminary data

GOAL THREE 3

Alberta students will excel

PERFORMANCE SUMMARY

Educational attainment levels of Albertans aged 25-34 are similar to the previous year's result. Over the longer term, there has been a steady increase in attainment levels. Results on provincial achievement tests in Grade 9 mathematics and language arts (proxy information on literacy and numeracy) have been relatively stable in recent years.

Core Measure(s)

Educational Attainment	The proportion of Albertans age 25-34 with at least high school completion in 2002 was 89%, not significantly different from the previous year's result (90.1%). Albertans ranked fourth among provinces compared to third last year. The target is: By 2005, 90% of Albertans aged 25-34 will have completed high school. Maintain or improve inter-provincial ranking.
	The proportion of Albertans age 25-34 with post-secondary completion in 2002 was 58%, not significantly different from the previous year's result (58.9%). Albertans ranked seventh among provinces compared to fifth last year. The target is: By 2005, 62% of Albertans aged 25-34 will have completed post-secondary education. Maintain or improve inter-provincial ranking.
Literacy and Numeracy Levels	In the 2001-02 school year, the percentage of Alberta students who achieved the acceptable standard in Grade 9 language arts was 79%, similar to results of previous years. The target is: 85% of Grade 9 students meet acceptable standards on provincial achievement tests in language arts.
	In the 2001-02 school year, the percentage of Alberta students who achieved the acceptable standard in Grade 9 mathematics was 65%, similar to results of previous years. The target is: 85% of Grade 9 students meet acceptable standards on provincial achievement tests in mathematics.

The following ministries have key measures that support this goal: Learning

DISCUSSION AND ANALYSIS

High school completion provides young people with entry-level knowledge and skills for employment and further study, and post-secondary completion indicates mastery of higher level skills for career success.

Education programs in Alberta have demanding learning expectations for students. Completion of these programs is an indication that students have excelled. Part of helping Albertans become independent is ensuring that they have the knowledge and skills to participate in a changing economy and workforce. An essential component of this is having the necessary literacy and numeracy skills to function in society.

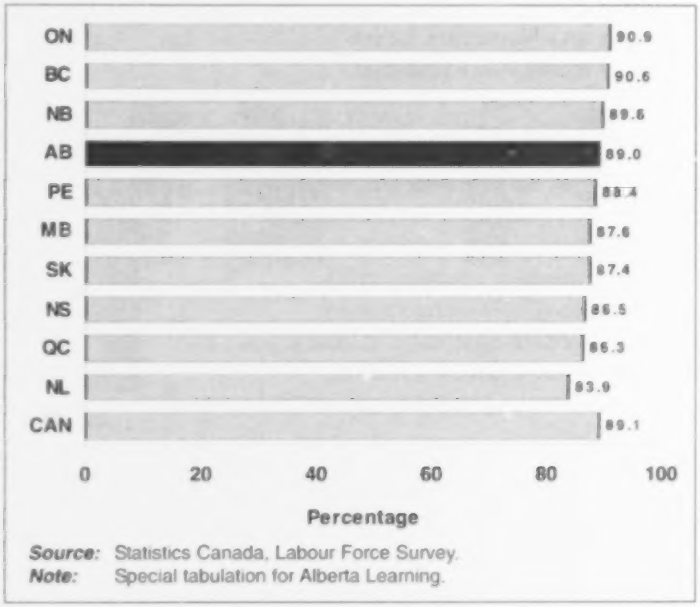
- Results for the educational attainment measure are focused on ages 25-34 to reflect recent outputs of the learning system. Higher completion rates in recent years may reflect growing awareness among young Albertans of the importance of education for improving their prospects for success in the labour force, where jobs increasingly require higher level knowledge and skills.

- Grade 9 provincial achievement tests in mathematics and language arts are used as proxy measures of literacy and numeracy, as adult literacy surveys are not conducted regularly. Students who achieve the acceptable standard have the necessary skills to become literate and numerate adults. Improved curriculum and instructional resources have been implemented in core subjects in recent years to support student achievement in these areas.
- School Achievement Indicators Program (SAIP) assessments provide comparable information on student achievement across Canada. Alberta students performed well on the recent math assessments (see page 19). Students who wrote the SAIP math tests along with their teachers and principals were surveyed on the learning environment. The survey results were reported in 2003 in a Context Study which examined the relationship between test results and possible influencing factors. Survey results, along with test results, suggest that provinces with external tests, such as Alberta and Quebec, tended to perform better on the SAIP tests than provinces with little or no provincial testing.
- The percentage of Alberta students who completed high school within five years of entering Grade 10 increased to 74% from 73% the previous year, and continuing a trend of gradually increasing in recent years. The increase in the five-year high school completion rate may reflect greater awareness of the importance of completing school, and the efforts of school jurisdictions to address the government priority of increasing high school completion rates in the basic learning system.

Core Measure(s)

Educational Attainment - High School Completion of Albertans Aged 25-34 (2002)

In 2002, 89% of Albertans aged 25-34 reported completing high school, not significantly different from the previous year (90.1%). Since 1995-96, the rate has increased gradually and steadily (from 86%). Alberta ranked fourth among provinces for high school completion in 2002 (compared to third in the previous year). Alberta's results are not significantly different from the top three provinces. The target is: By 2005, 90% of Albertans aged 25-34 will have completed high school. Maintain or improve inter-provincial ranking.



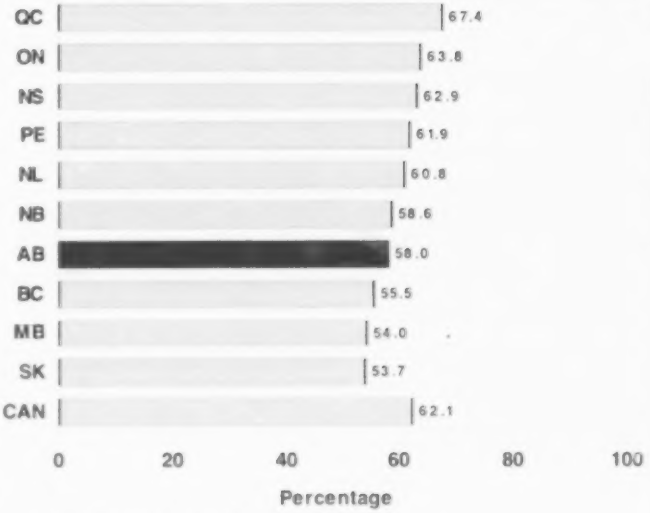
Source: Statistics Canada, Labour Force Survey.
Note: Special tabulation for Alberta Learning.

For more information, see the core measures methodology in the Appendix.

CORE MEASURE(S)

Educational Attainment - Post-secondary Completion of Albertans Ages 25-34 (2002)

In 2002, 58% of Albertans aged 25-34 reported completing post-secondary education, not significantly different from the previous year (58.9%). Since 1995-96, the rate has increased substantially (from 51%). Alberta ranked seventh among provinces for post-secondary completion in 2002, down from fifth in the previous year. The target is: By 2005, 62% of Albertans aged 25-34 will have completed post-secondary education. Maintain or improve inter-provincial ranking.

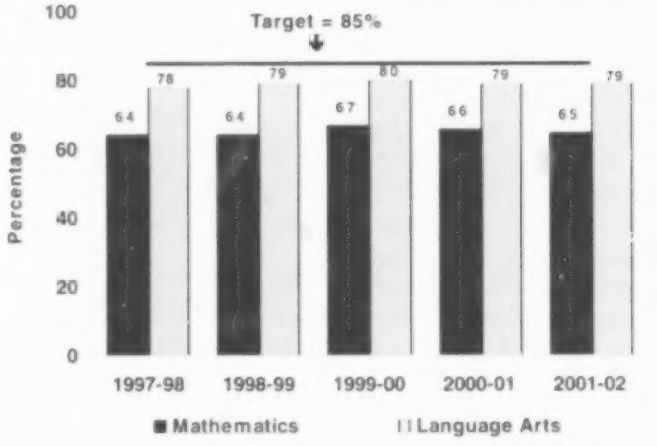


Source: Statistics Canada, Labour Force Survey.
Note: Special tabulation for Alberta Learning.

Literacy and Numeracy Levels - Grade 9 Results on Provincial Achievement Tests

In the 2001-02 school year, the percentage of Alberta students who achieved the acceptable standard in Grade 9 language arts was 79%, similar to results of previous years. The percentage of Alberta students who achieved the acceptable standard in Grade 9 mathematics was 65%, also similar to results of previous years.

Alberta Learning has replaced the provincial expectations (that 85% of students achieve the acceptable standard in Grade 9 mathematics and language arts) with subject-specific annual targets. (See Alberta Learning's 2001-02 Annual Report, page 25, online at: www.learning.gov.ab.ca/annualreport).



Source: Alberta Learning.
Note: The results are reported in relation to total enrolment of Grade 9 students. In prior years, results were reported based on those who wrote the test.

SUPPLEMENTAL INFORMATION

School Achievement Indicators Program (SAIP) Math Assessment

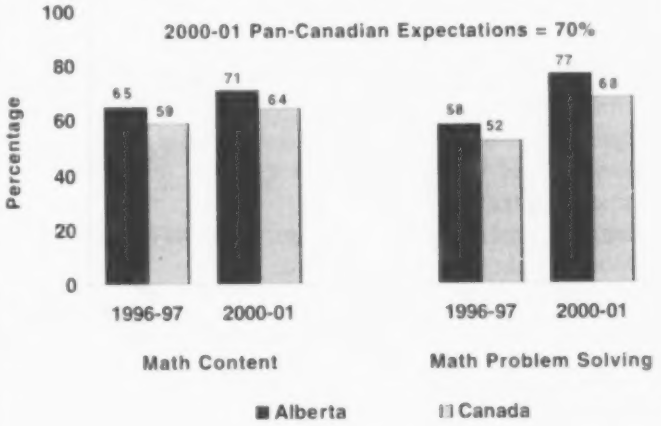
These charts show Alberta and Canada-wide student performance against Pan-Canadian expectations. A representative sample of 13 and 16 year old students in each province and territory were tested in mathematics in 1996-97 and 2000-01.

In 2000-01, Alberta's results exceeded or were not significantly different from Pan-Canadian expectations at all levels. Alberta results improved from 1996-97, when compared to nearly every other province and territory.

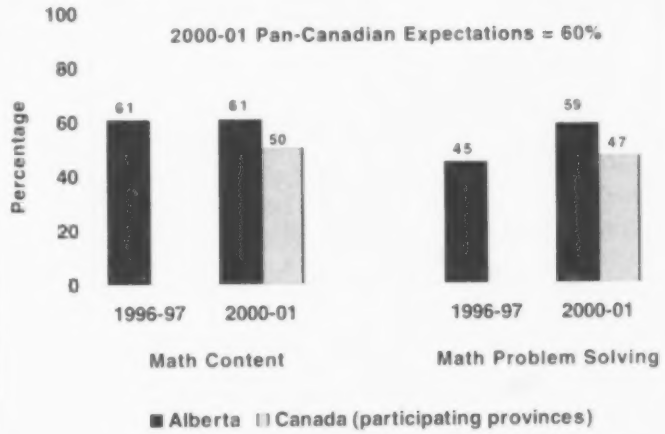
Canadian results at age 16 for 1996-97 are not included because they are not comparable. Quebec did not participate in the 2000-01 assessment of 16 year olds.

PERCENTAGES OF STUDENTS MEETING OR EXCEEDING EXPECTATIONS

AGE 13 - LEVEL 2



AGE 16 - LEVEL 3



Source: Council of Ministers of Education, Canada - 1997, 2001.

Notes:

- Results are assessed and reported in relation to five levels of achievement. Level 2 is the minimum standard for age 13 and level 3 is the minimum standard for age 16.
- Data unchanged from *Measuring Up 2002*. In last year's report (2002), the years cited for the data (1997-98 and 2001-02) referred to the years the data became available. In the above display, the years cited (1996-97 and 2000-01) are the years in which the tests were administered.
- For inter-provincial results, see the April 3, 2002 SAIP news release at http://www.learning.gov.ab.ca/news/newsreleases.asp
- For the report on context for the math results based on surveys of students writing the tests, their teachers and principals, go to http://www.cmec.ca/saip/math2001/public/context.highlights.en.stm

Supplemental Information

High School Completion in the Basic Learning System

This chart shows the percentage of Alberta students who completed high school within three and five years of entering Grade 10. High school completion in the basic learning system included students who, within the tracking period, received a diploma, entered a credit program at an Alberta post-secondary institution, registered in an apprenticeship program or were eligible for post-secondary admission.

The three-year rate rose to 65% in the 1999-2000 school year and has remained constant. As a large majority (over 85%) of completers within 5 years had completed within 3 years, the three-year rate is a good predictor of the five-year rate.

The five-year high school completion rate increased slightly to 74% in the 2001-02 school year. Over 3% of students tracked are still in school in the fifth year, and may complete in a subsequent year.

Source: Alberta Learning.
Note: Projections indicate results likely to be achieved given the three-year completion rates for these groups of Grade 10 students and the completion rates in prior years. The projection for 2003-04 also considers the projected 5-year completion rate for 2002-03.

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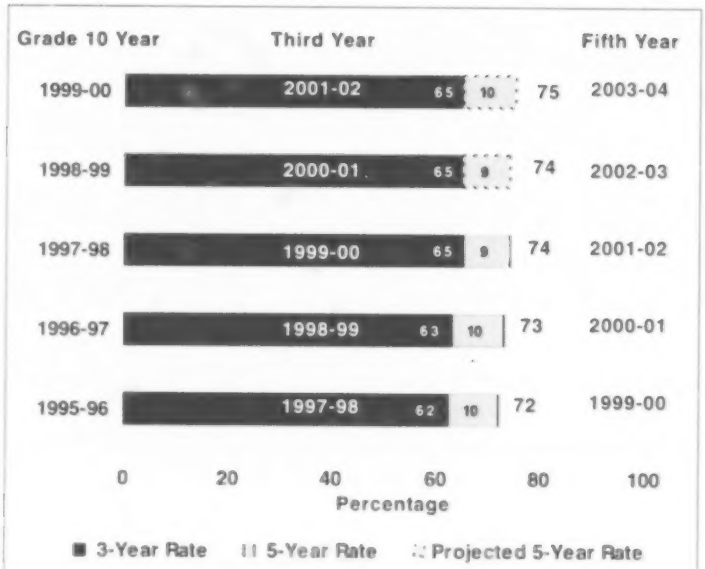


Source: Alberta Learning.

Note: Projections indicate results likely to be achieved given the three-year completion rates for these groups of Grade 10 students and the completion rates in prior years. The projection for 2003-04 also considers the projected 5-year completion rate for 2002-03.

GOAL FOUR 4

Albertans will be independent

PERFORMANCE SUMMARY

In comparison to other provinces, Alberta had the second highest percentage of people who lived above the Market Basket Measure low-income threshold, based upon data for 2000.

Core Measure(s)

Economic Status of Albertans	In 2000, 88% of Albertans were living above the Market Basket Measure (MBM) low-income threshold, exceeding the Canadian average of 87%. Tied with Quebec, Alberta has the second highest percentage of people living above 2000 MBM low-income thresholds compared to other provinces. This is the first year that actual data is available using the revised methodology.

The following ministries have key measures that support this goal: Human Resources and Employment.

DISCUSSION AND ANALYSIS

The MBM was chosen as a measure of independence of Albertans who have income levels above the low-income threshold. Individuals above this level are considered able to sustain a modest standard of living or better.

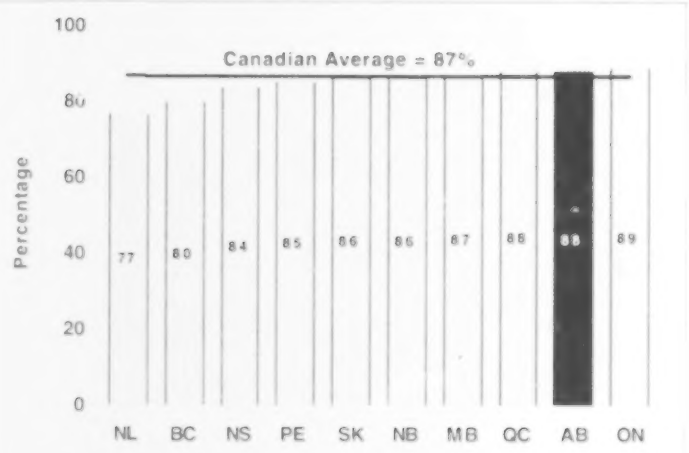
- The Government of Alberta is committed to the financial well-being of Albertans and provides programs and services to assist Albertans to prepare for, find and keep employment. The Government of Alberta also helps low-income Albertans through the provision of other services including health care premium subsidies.
- The Government of Alberta is committed to making Alberta a preferred place for business through economic growth. A strong and vibrant economy benefits persons with low income by providing more opportunities for employment. Alberta's March 2003 unemployment rate was 5.2% (seasonally adjusted), the second lowest rate in Canada. Alberta's participation rate continued to exceed the national average (73% in 2002, annual average), reflecting a healthy job market.
- The Government of Alberta helps Albertans maintain employment by making medical benefits accessible through the Alberta Adult Health Benefit. This benefit supports eligible parents and Assured Support clients leaving Supports for Independence by providing premium-free Alberta Health Care Insurance, dental care, optical, prescription drugs, essential diabetic supplies and emergency ambulance services. Assured Income for the Severely Handicapped clients leaving for employment also receive the Alberta Adult Health Benefit.
- The Government of Alberta also provides programs such as the Alberta Child Health Benefit, Alberta Family Employment Tax Credit, health care premium subsidy program and other employment supports to help Albertans maintain employment.

Albertans will be independent

Core Measure(s)

Economic Status of Albertans - People Living Above the Market Basket Measure Low-Income Threshold (2000)

88% of Albertans are living with incomes above the MBM low-income threshold, exceeding the Canadian average.

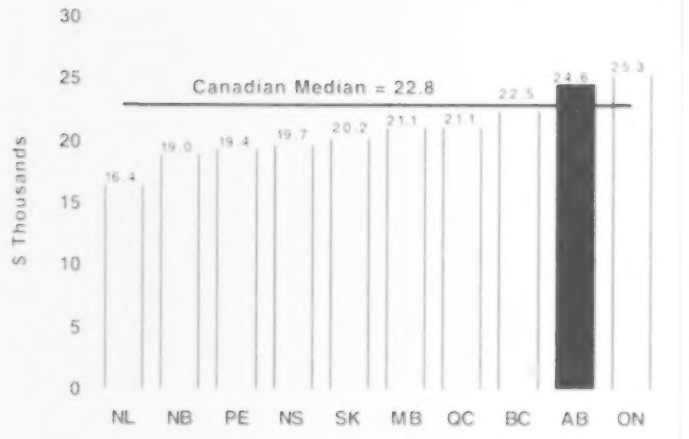


Source: Human Resources Development Canada
Note: Preliminary data from 1996 and 1997 are not comparable to the MBM thresholds for 2000 due to differences in the composition of the basket.

Supplemental Information

Median Individual Income by Province (2001)

Median individual incomes in Ontario and Alberta were higher than the national level. The Canadian median individual income in 2001 was $22,800. Individual median income is defined as the middle point, having half the individuals earning incomes above and half below.



Source: Small Area and Administrative Data from Statistics Canada.
Note: Processed from administrative files from Canada Customs and Revenue Agency.

For more information, see the core measures methodology in the Appendix.

Core Measure(s)

Economic Status of Albertans - People Living Above the Market Basket Measure Low-Income Threshold (2000)

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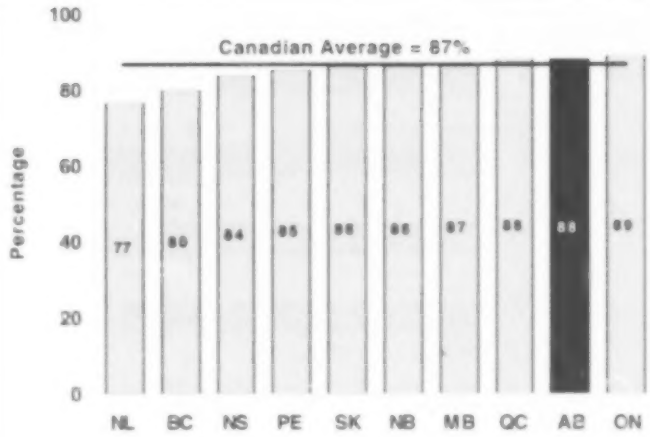

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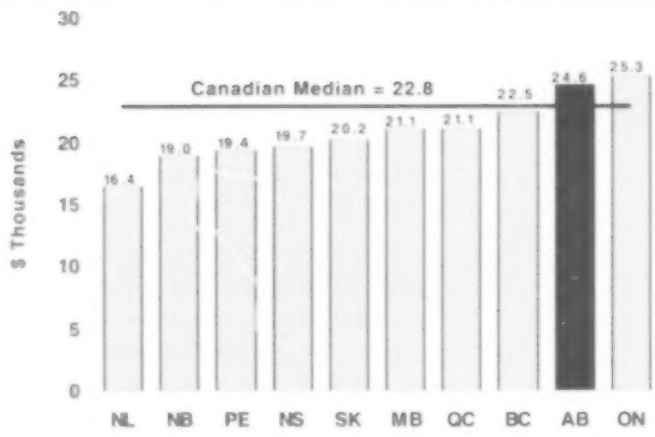


Source: Small Area and Administrative Data from Statistics Canada. Processed from administrative files from Canada Customs and Revenue Agency.
Note:

For more information, see the core measures methodology in the Appendix.

GOAL FIVE 5

Albertans unable to provide for their basic needs will receive help

PERFORMANCE SUMMARY

In comparison to other provinces, Alberta had the second highest percentage of people who lived above the Market Basket Measure low-income threshold, based upon data for 2000.

Core Measure(s)

Economic Status of Albertans	In 2000, 88% of Albertans were living above the Market Basket Measure (MBM) low-income threshold, exceeding the Canadian average of 87%. Tied with Quebec, Alberta has the second highest percentage of people living above 2000 MBM low-income thresholds compared to other provinces. This is the first year that actual data is available using the revised methodology.

The following ministries have key measures that support this goal: Community Development, Human Resources and Employment, and Seniors.

DISCUSSION AND ANALYSIS

The Market Basket Measure is another measure of low-income. Alberta is committed to providing a safety net so that Albertans unable to provide for their basic needs will receive help.

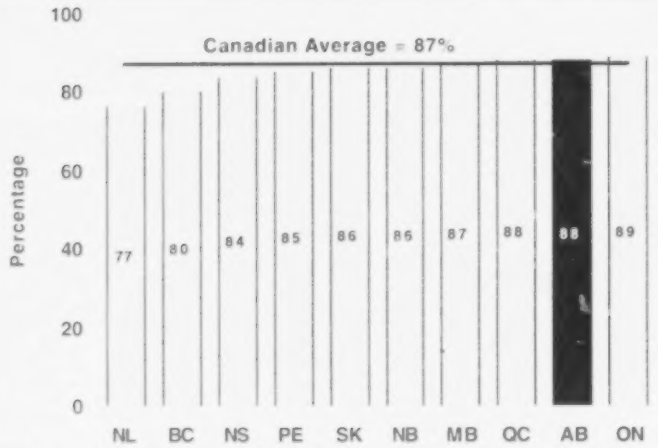
- There are many reasons why some Albertans have difficulty in providing for their own and their families' needs. An individual's ability to earn income may be affected by illness or injury, disability or frailty, life circumstances (ie. family breakdown, job loss), lack of education or skills, addiction, or lack of employment/underemployment. Many retired seniors who live on a fixed or low income are challenged to meet the rising costs of food, housing and health related expenses.
- The Alberta government offers a number of programs to help Albertans meet their basic needs. These include: Alberta Child Health Benefit; Alberta Adult Health Benefit; Supports for Independence; Assured Income for the Severely Handicapped; Alberta Seniors Benefit; Special Needs Assistance for Seniors; Rent Supplement; Childcare Subsidy; Alberta Aids to Daily Living; Alberta Family Employment Tax Credit; Shelters for the Homeless; and health care premium subsidies.
- The Government of Alberta encourages clients to earn income and become independent. The government ensures that we have a skilled workforce by helping people overcome their skills deficits by providing services to help individuals prepare for, train for, find and keep employment. Interventions are specially targeted toward disadvantaged Albertans, including youth, persons with disabilities, Aboriginal people and immigrants.

Albertans unable to provide for their basic needs will receive help

Core Measure(s)

Economic Status of Albertans - People Living Above the Market Basket Measure Low-Income Threshold (2000)

88% of Albertans are living with incomes above the MBM low-income threshold, exceeding the Canadian average.



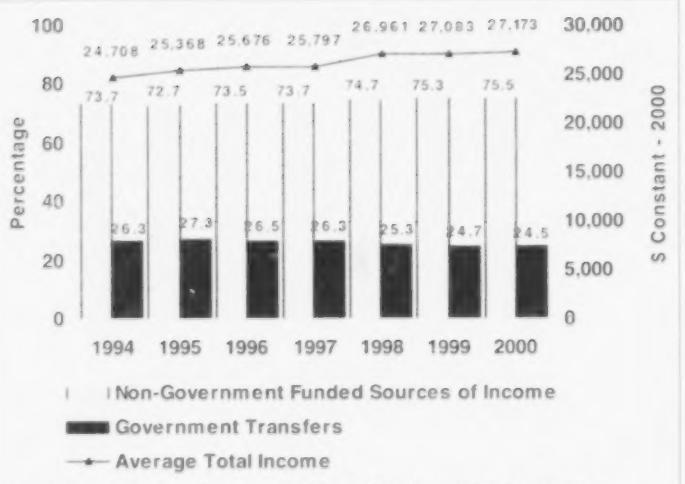
Source: Human Resources Development Canada.
Note: Preliminary data from 1996 and 1997 are not comparable to the MBM thresholds for 2000 due to differences in the composition of the basket.

Supplemental Information

Seniors' Average Total Income

Pensions, retirement savings, and government transfers comprise the majority of seniors' incomes. By contrast, the incomes of younger Albertans are primarily comprised of employment income.

The chart shows that between 1994 and 2000, the average income of Alberta seniors rose by 10%. During this period, the composition of seniors' income changed slightly. The proportion of their income from government sources, including Old Age Security and the Guaranteed Income Supplement declined by 1.8%, while the proportion from non-Government sources, including private pension and CPP, rose by the same amount.



Source: Small Area and Administrative Data from Statistics Canada. Processed from administrative files from Canada Customs and Revenue Agency.
Note: Government Transfers include Old Age Security, Guaranteed Income Supplement, GST rebates and Alberta Seniors Benefit. Non-Government Funded Sources of Income include Canada/Quebec Pension Plan, private pension, investment, RRSP, and employment.

For more information, see the core measures methodology in the Appendix.

CORE MEASURE(S)

Economic Status of Albertans - People Living Above the Market Basket Measure Low-Income Threshold (2000)

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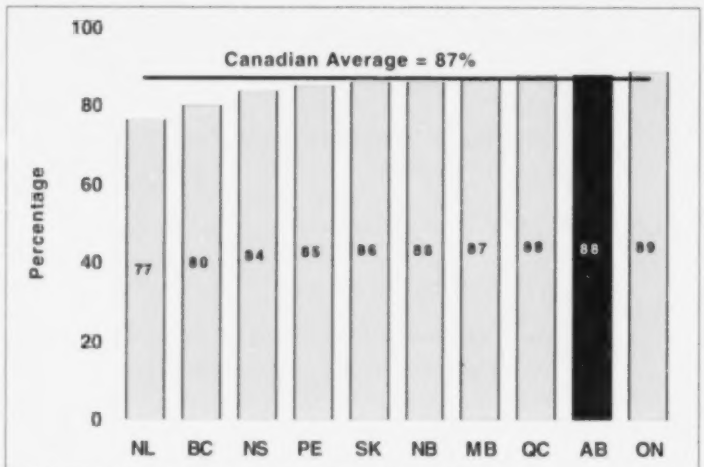

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SUPPLEMENTAL INFORMATION

Seniors' Average Total Income

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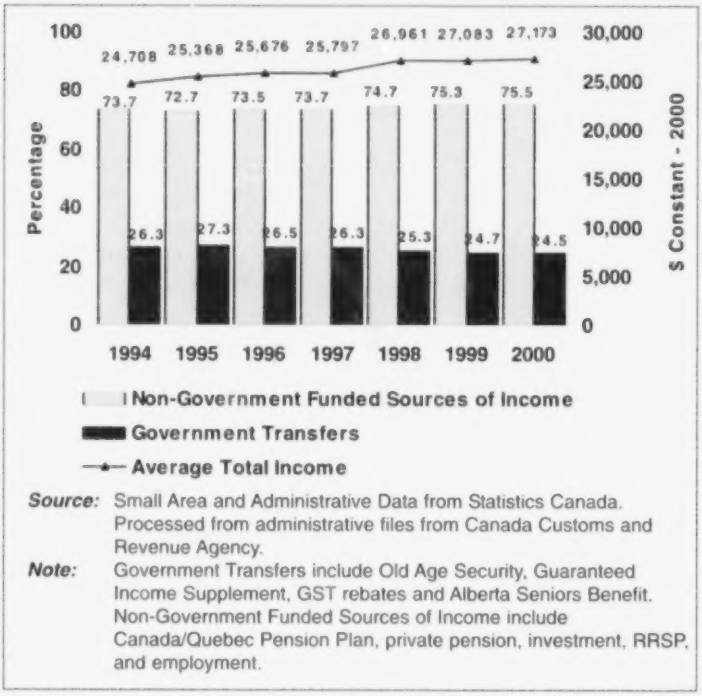


Source: Small Area and Administrative Data from Statistics Canada. Processed from administrative files from Canada Customs and Revenue Agency.
Note: Government Transfers include Old Age Security, Guaranteed Income Supplement, GST rebates and Alberta Seniors Benefit. Non-Government Funded Sources of Income include Canada/Quebec Pension Plan, private pension, investment, RRSP, and employment.

For more information, see the core measures methodology in the Appendix.

GOAL SIX

6 The well-being and self-reliance of Aboriginal people will be comparable to that of other Albertans

PERFORMANCE SUMMARY

Socio-economic disparities exist between Aboriginal people and other Albertans in life expectancy, employment and education. Aboriginal-specific data from both the 2001 Canada Census and Aboriginal Peoples Survey were not available in time to include in *Measuring Up 2003*.

Core Measure(s)

Aboriginal Well-Being	Census data provides the best information available at this time. Data from the 2001 Canada Census will be available in the latter part of 2003 or early 2004. New methods are being considered to further the collection of survey data within the Aboriginal population.

The following ministries have key measures that support this goal: Aboriginal Affairs and Northern Development, Children's Services, Health and Wellness, and Learning.

DISCUSSION AND ANALYSIS

This goal is intended to address the existing socio-economic disparities between Aboriginal people and other Albertans to improve Aboriginal well-being and self-reliance. This goal is supported by the Aboriginal Policy Framework (APF) and associated Aboriginal Policy Initiative, one of the government's cross-ministry priority policy initiatives. For results accomplished that address the socio-economic disparities, refer to the Priority Policy Cross-Ministry Initiatives section or ministry annual reports.

- "Aboriginal self-reliance" means the ability of First Nation, Metis and other Aboriginal communities and individuals to manage their own affairs, develop a sustainable economic base, and participate in partnerships with government and the private sector (*Strengthening Relationships*, p. 11).
- Remote Aboriginal communities often lack a strong economic base and environments supportive of health and education as well as access to goods, services and opportunities.
- Aboriginal people who are unemployed or underemployed require support to develop the skills needed for sustained employment in occupations with long-term employment prospects. There are numerous socio-economic factors that likely contribute to the differences found between employment rates of Aboriginal people and other Albertans. They include lower levels of education, proximity to employment opportunities and lower levels of earnings.
- Among the challenges to educational success for Aboriginal learners are high mobility levels, low school attendance rates, and low educational attainment and income levels among the adult population. Almost half (46% in 1996) of all Aboriginal people in Alberta were under 20 years of age; these youth face a rapidly changing social, economic and work environment.
- Many Aboriginal people experience significant health and social challenges. Within the health care system workforce, there is a critical shortage of Aboriginal

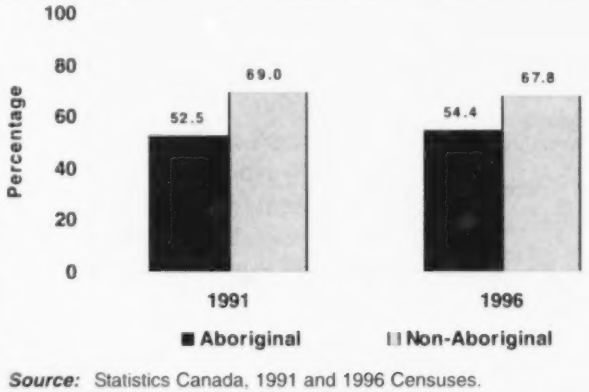
healthcare professionals. There is a need to enhance Aboriginal access to provincial health services and facilitate partnerships between Regional Health Authorities and Aboriginal communities. More accurate Aboriginal health care information is critical to addressing health care service requirements currently needed in Aboriginal communities and to focus on specific health issues (e.g. high birth weight is a probable risk factor for diabetes which is more prevalent in the First Nations population).

- Aboriginal people have told the Government of Alberta that social programming by itself has failed to address the underlying economic conditions that are the basis for much of the disparity in community and individual well-being. Federal, provincial and municipal governments need to work in partnership with the Aboriginal community to address these underlying conditions.

CORE MEASURE(S)

Aboriginal Well-Being - Employment Rate (Alberta)

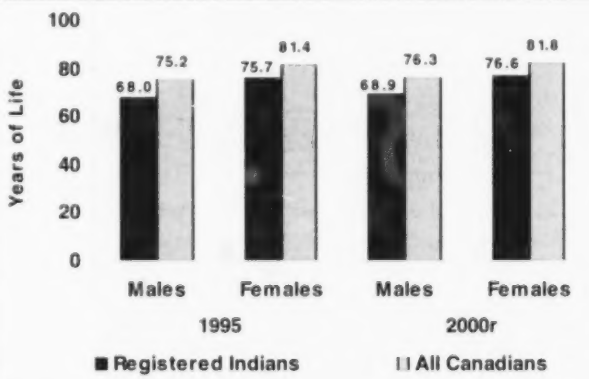
The employment rate for the Aboriginal population increased from 52.5% in 1991 to 54.4% in 1996 but remained below the rate for the non-Aboriginal Albertans. The target is: By 2010, the difference in employment rates of Aboriginal Albertans and other Albertans will be less than 10%.



Source: Statistics Canada, 1991 and 1996 Censuses. (Custom Tabulation, 2B Target Group Profile.)

Aboriginal Well-Being - Life Expectancy of Registered Indians and Canadian Populations (Canada, 1995 & 2000 revised)

This chart shows estimates of expected years of life for persons born in that year, assuming that age-specific mortality rates remain unchanged. The difference in life expectancy between Registered Indians and other Canadians is approximately 7 years for males and 5 years for females. The target is: By 2010, the difference in life expectancy of Registered Indians in Alberta and all Albertans will be reduced by one year.



Source: Basic Departmental Data 2001; Information Management Branch, Department of Indian Affairs and Northern Development, Government of Canada, March 2002.

r = revised

Note: Alberta estimates are not available.

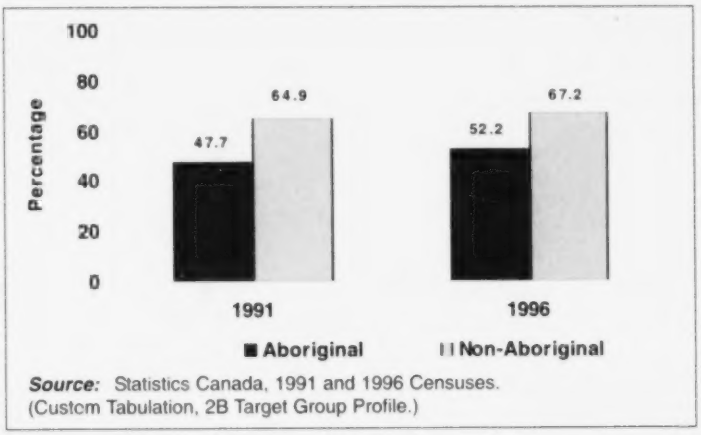
For more information, see the core measures methodology in the Appendix.

The well-being and self-reliance of Aboriginal people will be comparable to that of other Albertans

CORE MEASURE(S)

Aboriginal Well-Being - High School Completion Age 15+ (Alberta)

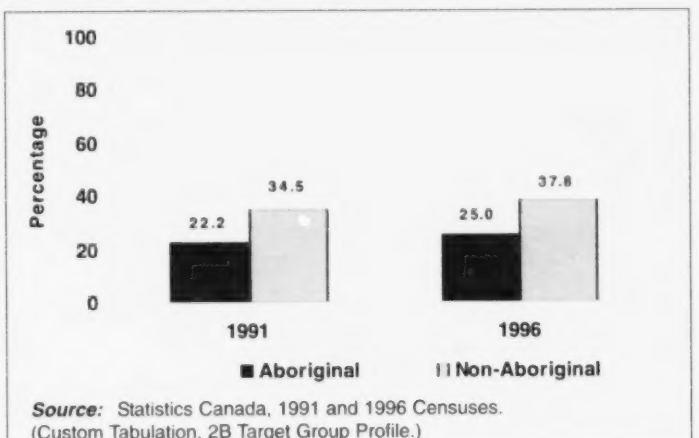
The proportion of Alberta's Aboriginal population age 15+ with at least high school completion increased from 47.7% in 1991 to 52.2% in 1996, but remained below the rate for non-Aboriginal Albertans. The target is: By 2010, the percentage of Aboriginal learners 15 years of age or older with high school completion will be 60%.



Source: Statistics Canada, 1991 and 1996 Censuses. (Custom Tabulation, 2B Target Group Profile.)

Aboriginal Well-Being - Post-Secondary Completion Age 15+ (Alberta)

The proportion of Alberta's Aboriginal population age 15+ with post-secondary completion increased from 22.2% in 1991 to 25% in 1996, but remained below the rate for non-Aboriginal Albertans. The target is: By 2010, the percentage of Aboriginal learners 15 years of age or older with post-secondary completion will be 30%.

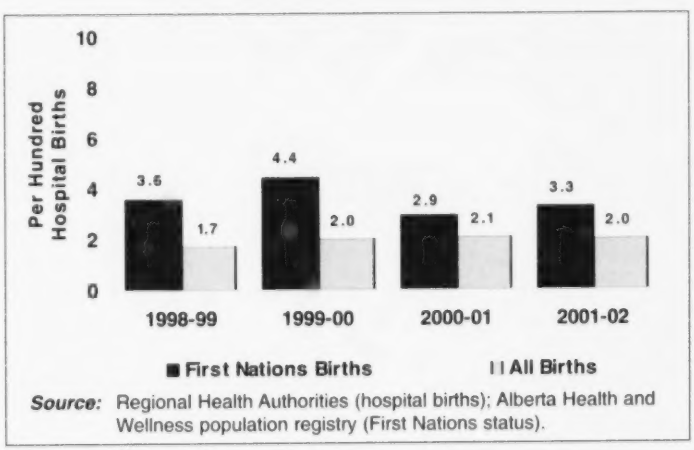


Source: Statistics Canada, 1991 and 1996 Censuses. (Custom Tabulation, 2B Target Group Profile.)

SUPPLEMENTAL INFORMATION

Newborns with High Birth Weight - First Nations (Alberta)

This chart shows the percentage of First Nations babies weighing more than 4,500 grams (approximately 10 pounds).



Source: Regional Health Authorities (hospital births); Alberta Health and Wellness population registry (First Nations status).

core business

Prosperity ...

The goals for the **Prosperity** core business focus on protecting the quality of life in Alberta through the government's priorities for our economy, work force and work places, infrastructure, value-added industries, export trade, and financial and fiscal position.

GOAL SEVEN 7

Alberta will have a prosperous economy

PERFORMANCE SUMMARY

Despite a sluggish U.S. economy, weak export markets and severe drought in much of the province, Alberta achieved real economic growth due to a very robust household sector. The unemployment rate was the second lowest in the country. The province's current dollar three-year average growth rate remained strong, but was dampened by a steep decline in natural gas prices in 2002. Alberta continued to have the highest level of personal disposable income per capita among the provinces.

Core Measure(s)

Gross Domestic Product	Three-year average annual growth rate of 9.2% for 2000 to 2002, down from 11.7% for 1999 to 2001. The target is: Three-year average annual nominal GDP growth rate of 4%.
Job Growth	41,700 net new jobs were created in 2002, compared to 43,900 in 2001. 120,500 net new jobs were created over the three-year period ending December 31, 2002. The target is: 295,000 jobs over the six-year period ending December 31, 2005.

The following ministries have key measures that support this goal: Agriculture, Food and Rural Development, Economic Development, Energy, Finance and Revenue.

DISCUSSION AND ANALYSIS

The Gross Domestic Product (GDP) and Job Growth core measures are direct measures of the strength of Alberta's economy. Annual GDP is a measure of the value of all final goods and services produced in Alberta in a given year. The longer-term trend growth rate, measured by the three-year average annual growth rate of GDP, smoothes out some of the cyclical variations common to Alberta's economy. Job Growth is a measure of the net number of jobs created in Alberta on an annual average basis since the beginning of 2000. A strong economy increases employment opportunities for Albertans, enabling them to benefit from the province's economic growth.

- Current dollar GDP was $149.6 billion in 2002 (down 0.6% from 2001) due mainly to a nearly 30 percent decline in the price of natural gas. Alberta's economy experienced some significant challenges in 2002, as the sluggish U.S. recovery dampened exports and business investment, and the agricultural sector was hit by a severe drought in much of the province.
- Although current dollar GDP declined, Alberta's real economic output, measured in chained (1997) dollars, increased by 1.7% (Statistic Canada, Provincial Economic Accounts). Alberta's real economic growth was achieved due to a very robust household sector, highlighted by the strongest retail sales growth of any province and the highest level of housing starts in over two decades. Growth was supported by a robust provincial labour market, strong income gains, and low interest rates.
- In 2002, Alberta had the highest personal disposable income per capita among the provinces.

Alberta will have a prosperous economy

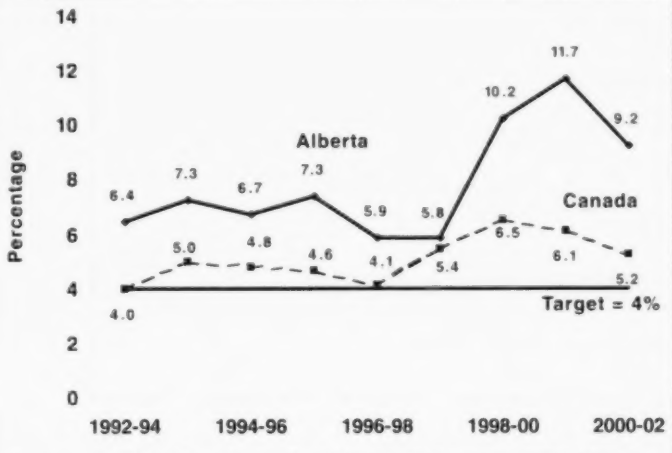
- Alberta continued to enjoy a strong labour market in 2002. The Alberta economy created 41,700 jobs, representing a 2.6% increase in overall employment. The largest job gains were in health care, retail trade and construction.
- Alberta's average unemployment rate in 2002 was 5.3%, the second lowest in Canada.

CORE MEASURE(S)

Gross Domestic Product

This chart shows the longer-term growth rate of the Alberta economy as measured by the three-year average annual growth rate of current dollar GDP.

Alberta's average annual growth rate was 9.2% for 2000 to 2002. The target is: Three-year average annual nominal GDP growth rate of 4%.



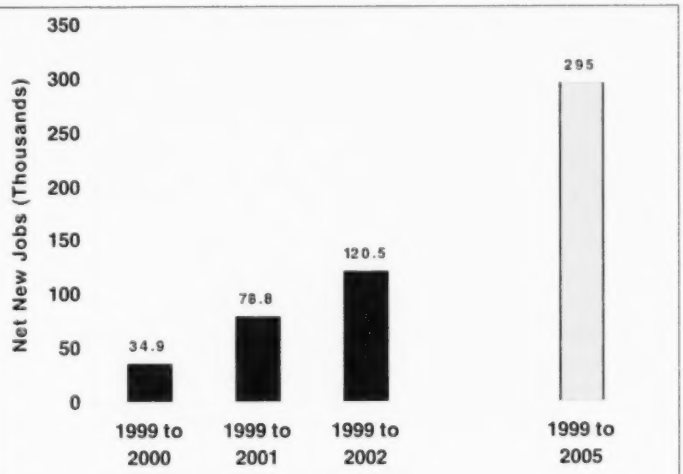
Source: Statistics Canada, Provincial Economic Accounts, 2001; Alberta GDP based on Alberta Finance, Alberta Economic Accounts, 2001, and Statistics Canada, Provincial Economic Accounts, 2002 growth rate.

Note: Historical data revised.

Job Growth

This chart shows the cumulative number of net new jobs created in Alberta on an annual average basis since 1999.

In 2002, 41,700 net new jobs were created and 120,500 were created over the three year period from 1999 to 2002. The target is: 295,000 new jobs in the 6 years ending December 2005.



Source: Statistics Canada, Labour Force Survey.

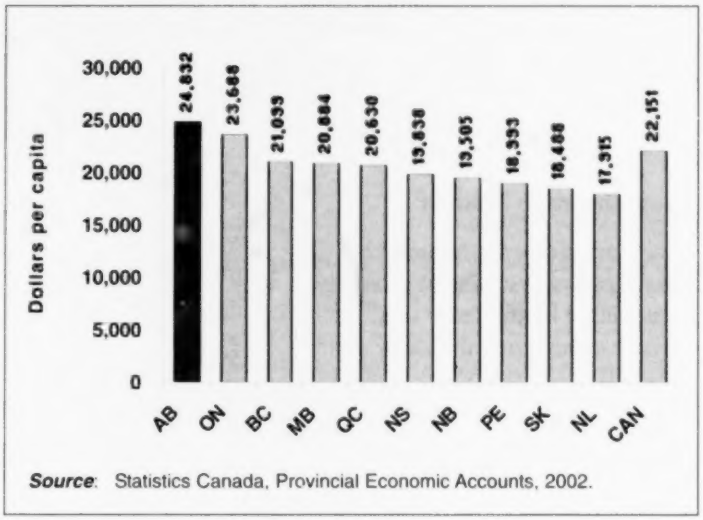
For more information, see the core measures methodology in the Appendix.

Supplemental Information

Personal Disposable Income (2002)

This chart compares personal disposable income per capita for the provinces and Canada in 2002.

Alberta ranks highest among the provinces.

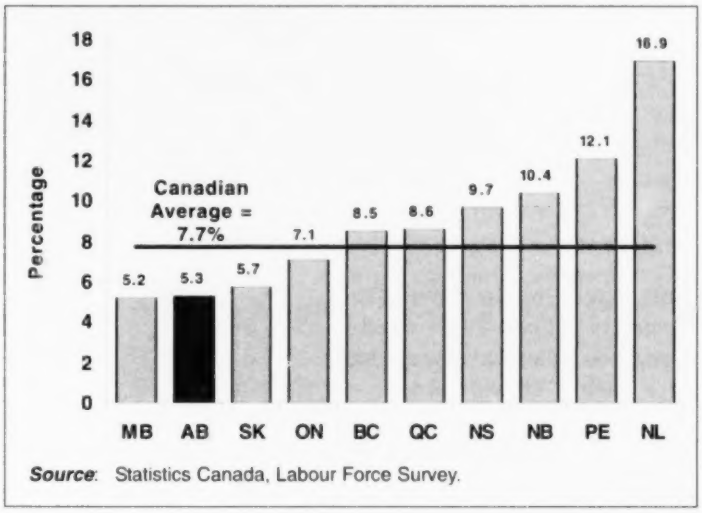


Source: Statistics Canada, Provincial Economic Accounts, 2002.

Provincial Unemployment Rates (2002)

This chart shows the annual average unemployment rates for the provinces and Canada for 2002.

Alberta had the second lowest unemployment rate among the provinces at 5.3%, slightly higher than Manitoba.



Source: Statistics Canada, Labour Force Survey.

GOAL EIGHT 8

Alberta's workforce will be skilled and productive

PERFORMANCE SUMMARY

Alberta's post-secondary training system performed well in supplying skilled graduates to meet the needs of Alberta business and industry, as indicated by high employer satisfaction levels with recent degree, diploma, certificate and apprenticeship graduates. Alberta's labour productivity continued to rank highest among the provinces.

Core Measure(s)

Skill Development	87.4% of employers were satisfied with the skills of recent degree, diploma or certificate graduates in 2001-02, not significantly different from the satisfaction level of 85.9% achieved in 1999-00 (biennial survey). The target is: 85% of employers satisfied with recent post-secondary graduates' skills.

The following ministries have key measures that support this goal: Learning.

DISCUSSION AND ANALYSIS

To remain competitive in the global economy, Alberta businesses and industries require a highly skilled and productive work force. The Skill Development core measure is a direct indicator of the match between workforce skill levels and job requirements, which supports the competitiveness of Alberta businesses.

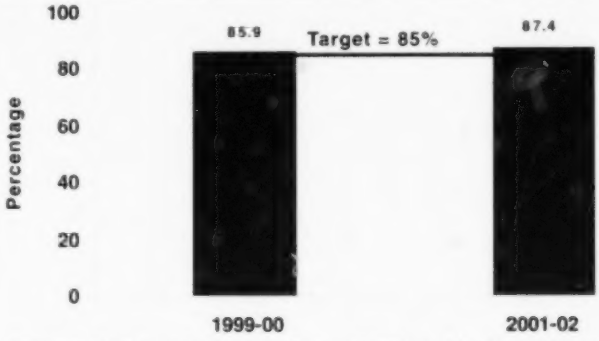
- The measure, from Alberta Learning's biennial survey of employers of learning system graduates, has been expanded this year to include employers' perceptions of certificate graduates, as well as degree and diploma graduates, which were reported on last year. Next year, employer perceptions of high school graduates entering the labour force also will be reported.
- Other performance information supports the core measure results.
  - Alberta's labour productivity measured in real dollars per hour worked was highest among the provinces in 2001 (see supplemental information).
  - 97% of employers of Alberta apprentices are satisfied with the skills that journeymen acquired during training with them (see supplemental information). This high level of satisfaction continues the trend from previous years.
- These results indicate that Alberta's adult learning system is meeting industry's need for skilled workers, which supports the government's overall policy of sustaining economic progress and competitiveness in Alberta.
- Alberta's learning system responds to employer needs by providing up-to-date programs and expanding programs in high demand fields. Economic conditions in Alberta may influence employers' perceptions.

CORE MEASURE(S)

Skill Development - Employer Satisfaction with Recent Post-Secondary Graduates' Skills

This chart shows the percentage of employers who were "satisfied" or "very satisfied" with recent degree, diploma or certificate graduates.

In 2001-02, the satisfaction level was 87.4%. This is not significantly different from the results in the 1999-2000 survey. The target is: 85% of employers satisfied with recent post-secondary graduates' skills.



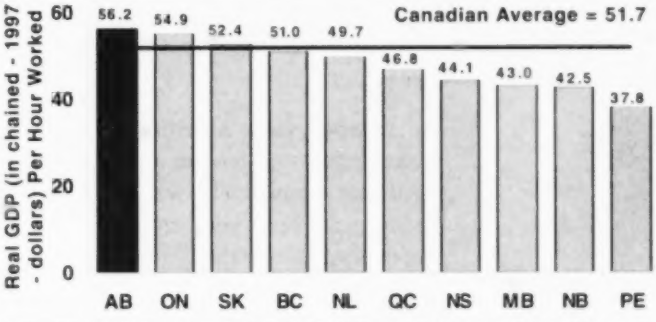
Source: Employer Satisfaction Surveys conducted for Alberta Learning (biennial survey).

SUPPLEMENTAL INFORMATION

Provincial Labour Productivity (2002)

This chart shows provincial labour productivity measured by real GDP produced in chained (1997) dollars per hour worked.

Alberta's labour productivity was highest among the provinces in 2002.



Source: Statistics Canada, Provincial Economic Accounts, 2002; Alberta real GDP based on Alberta Finance, Alberta Economic Accounts, 2001, and Statistics Canada, Provincial Economic Accounts, 2002 real growth rate; Statistics Canada, Survey of Employees, Payroll and Hours (CANSIM).

Employer Satisfaction with Apprenticeship Graduates

This chart shows the percentage of employers who were "satisfied" or "very satisfied" with the skills that journeymen acquired during training with them.

The satisfaction level in 2001-02 remained very high at 97%.

Source: Surveys of Employer Satisfaction with Apprenticeship Training and Skilled Tradesmen conducted for Alberta Learning (biennial survey).

For more information, see the core measures methodology in the Appendix.

GOAL NINE 9

Alberta businesses will be increasingly innovative

PERFORMANCE SUMMARY

Alberta continued to have the highest percentage of households that use the Internet at work among the provinces, a proxy indicator of the innovativeness of Alberta businesses. Gross expenditures on Research and Development (R&D) by Alberta's business sector increased slightly as a percentage of total Canadian business R&D expenditures.

Core Measure(s)

Business Innovation	In 2001, Alberta had the highest percentage of households among the provinces that use the Internet at work, the same rank as in 2000. The target is: Alberta business use of the Internet will be among the three highest of the provinces.

The following ministries have key measures that support this goal: Innovation and Science.

DISCUSSION AND ANALYSIS

Innovation is a process through which economic value is extracted from knowledge. It is through innovation that new products are introduced to markets, new production processes are developed and implemented, and organizational changes are made. Businesses that are innovative are more competitive, create more jobs and fare better in global markets.

- The Internet is an integral part of the innovative process for the creation, distribution and application of knowledge and information. Internet-connectedness allows the exchange and sharing of information as well as relationship building among businesses, and with their customers. Internet use by the private sector is an indication of the extent to which businesses in Alberta are open to adopting new technologies and innovative business practices. The percentage of Alberta households that use the Internet at work is used as a proxy to measure business use of the Internet in the province.
  - In 2001, 38.3% of Alberta households had at least one member who uses the Internet at work, up from 36.1 % the previous year. Alberta has had the highest percentage of households that use the Internet at work among the provinces since 1997, followed by Ontario and British Columbia.
  - Some businesses may choose to maintain traditional face-to-face business practices because the industry is not yet well suited to e-business. Also, large enterprises have much higher rates of Internet use than smaller enterprises.
  - When the Government of Alberta SuperNet is completed in 2004, commercial service providers (i.e. cable companies, wireless providers and telecommunications companies) will be able to access the SuperNet, which will facilitate access by most Alberta businesses to competitive highspeed Internet services. The SuperNet will expand rural e-commerce opportunities, and enable businesses to build a web presence and to use the Internet to reach new customers, suppliers, distribution networks and potential employees.
  - The Government of Alberta is encouraging the use of the Internet by Alberta businesses. For example, businesses are able to respond to the government's "Request for Proposals" by an electronic tendering system.

Alberta businesses will be increasingly innovative

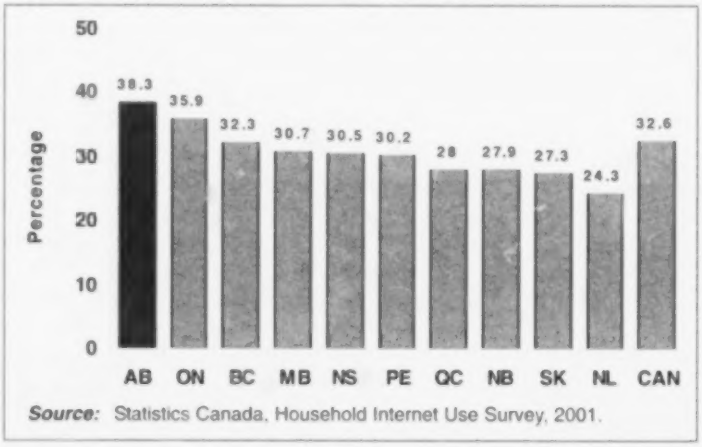
- New products, processes and services resulting from business expenditures on research and development (BERD) contribute to a region's knowledge-based innovation efforts and long-term economic growth.
  - In 2000, Alberta BERD was 5.4% of the Canadian total, ranking ahead of Saskatchewan, Manitoba and the Atlantic provinces, but low relative to Ontario and Quebec, which accounted for a combined 81% of the national total.
  - Because BERD is critical to Alberta's long-term economic growth, the Government of Alberta has initiated a project with the federal government, and the other provinces and territories to identify the factors contributing to the low level of BERD in Canada relative to other countries, and to develop policy options to address them.

Core Measure(s)

Business Innovation - Business Use of the Internet (2001)

This chart shows business use of the Internet for the provinces and Canada measured by the percentage of households with at least one member who uses the Internet at work.

In 2001, Alberta had the highest business use of the Internet. The target is: Alberta business use of the Internet will be among the three highest of the provinces.



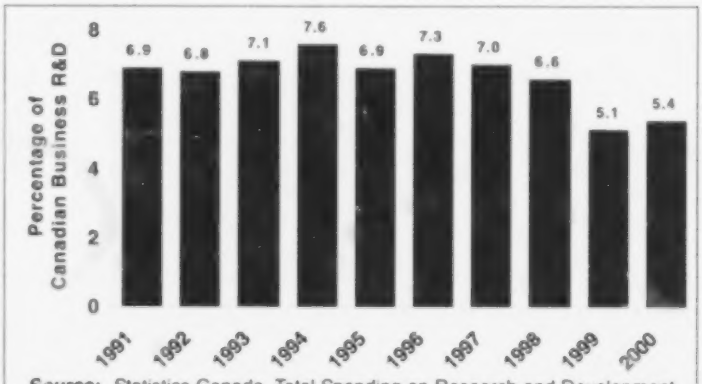
Source: Statistics Canada, Household Internet Use Survey, 2001.

Supplemental Information

Alberta Business Expenditures on Research and Development (relative to total Canadian business expenditures on R&D)

This chart shows Alberta's share of Canadian business research and development spending over the ten years up to 2000.

Alberta's share of total Canadian business R&D increased in 2000 to 5.4% from 5.1% in 1999.



Source: Statistics Canada, Total Spending on Research and Development in Canada, 1990 to 2000p, and provinces, 1990 to 2000. Service Bulletin, Science Statistics, November 2002.

Note: Historical data revised.

For more information, see the core measures methodology in the Appendix.

GOAL TEN 10

Alberta's value-added industries will lead economic growth

PERFORMANCE SUMMARY

Alberta's value-added sector continued to expand but did not significantly increase its share of Alberta's economy. Most of the expansion of the value-added sector was in knowledge-intensive services.

Core Measure(s)

Value-Added Industries	In 2001, the value-added sector accounted for 29.3% of Alberta's real GDP, not significantly higher than 28.9% achieved in 2000. The target is: Alberta's value-added industries will account for an increasing percentage of provincial GDP.

The following ministries have key measures that support this goal: Agriculture, Food and Rural Development, Economic Development and Sustainable Resource Development.

DISCUSSION AND ANALYSIS

Alberta's economy has historically been resource-based and resources still account for over 20% of provincial real GDP. Increasing the level of value-added activity will serve to accelerate Alberta's continued transition to a more diversified, knowledge-based and globally competitive economy.

- The government's Economic Development Strategy, one of four priority policy cross-ministry initiatives for 2002-03, includes objectives and strategies for developing a more broadly-based, versatile economy with expanded value-added products and services.
- Value-added industries include resource processing, manufacturing of goods, and the provision of various services. Knowledge-intensive manufacturing and services are high value-added industries and employ a high percentage of knowledge workers, or involve the development or application of advanced technologies.
- This measure tracks the percentage of real GDP (at basic prices) contributed by the manufacturing and knowledge-intensive services sectors, as a proxy for Alberta's value-added industries. Primary resource industries are included for comparison to the value-added sector.
- In 2001, the value-added sector grew by 3.9%.
  - The manufacturing sector was up 0.8%, while the knowledge-intensive manufacturing was down 13%, due mostly to steep drops in electronics products and chemical manufacturing. Knowledge-intensive manufacturing includes computer and electronic products, aerospace products and parts, and chemical and chemical products manufacturing.
  - The knowledge-intensive services had real growth of 5.6% in 2001. Knowledge-intensive services include information and cultural services, professional, scientific and technical services, health care and social assistance, and various membership organizations.

Alberta's value-added industries will lead economic growth

- The primary resources sector, which includes agriculture, fishing and trapping, forestry and mining shrunk by 1% in 2001, due mostly to weakness in agriculture which was down 8%.

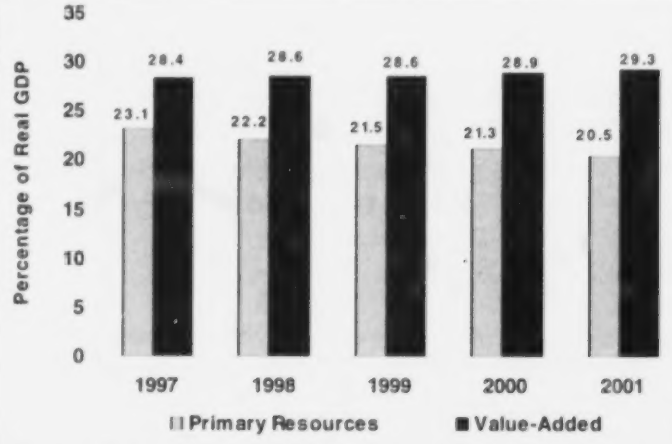
Core Measure(s)

Value-added Industries

This chart shows the percentage of Alberta's real GDP contributed by the manufacturing and knowledge-intensive services industries as proxies for value-added industries in the province.

In 2001, value-added industries made up 29.3% of real GDP at basic prices, slightly higher than the previous year. The target is: Alberta's value-added industries will account for an increasing percentage of provincial GDP.

Primary resources industries have been declining slightly as a percentage of real GDP.



Source: Statistics Canada, Provincial Economic Accounts 2001; Alberta Finance, Alberta Economic Accounts 2001.

Notes: 1. Based on estimated data.
2. The results presented have been revised from last year's report to measure real GDP at basic prices in chained (1997) dollars. See core measures methodology in appendix.

For more information, see the core measures methodology in the Appendix.

GOAL ELEVEN

11 Alberta will have effective and efficient infrastructure

PERFORMANCE SUMMARY

Rural sections of the National Highway System continued to meet the target to provide good traffic flow. Export gas pipeline capacity was sufficient to meet demand. Total sponsored research at Alberta universities was up, showing an increase in Alberta's capacity to accommodate growth in research activity.

Core Measure(s)

Infrastructure Capacity	In 2002, 97.7% of rural sections of the National Highway System were at Level of Service B or better, up from 95.4% last year. The target is: 95% of rural sections of the National Highway System at Level of Service B or better upon completion of the North-South Trade Corridor. In 2002-03, export gas pipeline capacity was sufficient to exceed demand. Utilization was at 83% of capacity on July 1, 2002 and 86% on January 1, 2003. The target is: Export gas pipeline capacity will exceed demand. In 2001-02, total sponsored research at Alberta universities was $437.5 million, up from $368.8 million in 2000-01. The target is: Continue to increase sponsored research at Alberta universities.

The following ministries have key measures that support this goal: Energy, Infrastructure, Innovation and Science, and Transportation.

DISCUSSION AND ANALYSIS

Quality infrastructure is regarded as an essential building block to support economic development. Infrastructure Capacity is a measure of whether Alberta's existing infrastructure system has sufficient capacity to support current economic activity and to facilitate future growth. The measure tracks the ability of Alberta's highways to accommodate traffic flow volumes, export gas pipelines to accommodate throughput and the province's university research system to accommodate current and future research activities.

- The Rural National Highway System Level of Service measure tracks the ability of traffic to move freely on Alberta's highways. Level of Service B means that highway users can travel at posted speeds, easily manoeuvre and overtake slower traffic. While increases in traffic volume reduce the level of service, the completion of specific highway improvements such as interchanges, widenings and the twinning of the North-South Trade Corridor, for example, improve traffic flow.
- The Export Gas Pipeline Utilization measure is an indicator of Alberta's access to natural gas markets. The government monitors instances when demand for natural gas throughput exceeds available take-away (export) pipeline capacity, as has occurred in past years. Available capacity increased in late 1998 with expansion of the TransCanada Pipelines and Foothills/Northern Border Pipeline. The Alliance Pipeline project further increased capacity in late 2000, boosting take-away capacity sufficiently to meet demand.

- Sponsored research is an indication of the quality and capacity of research infrastructure at Alberta's universities, as a proxy for the province's research system.
  - Total sponsored research funding increased by $68.7 million (18.6%) in 2001-02, and has more than doubled over the past five years. This large increase reflects the introduction of new programs and expansion of existing programs, at both the federal and provincial levels, aimed at increasing the research capacity and capability of Alberta universities.
  - The Government of Alberta is working to attract and retain top-level research teams at Alberta universities by supporting organizations such as iCORE, the Alberta Heritage Foundation for Medical Research and the Alberta Ingenuity Fund. These organizations attract world-class researchers to Alberta, as well as new sponsorships.
  - Industry-university collaboration is also an important factor in sponsored research as it results in new products, processes and services that are essential for long-term economic growth (see Goal 9). Industry sponsored research at Alberta universities decreased by $8.8 million between 2000-01 and 2001-02.
- The government strives to ensure the safety and efficiency of the provincial highway system (see Goal 15 for safety measures). Increased traffic volume due to rapid population and economic growth may reduce the performance results for Alberta's transportation infrastructure. Other performance information supports the Rural National Highway System Level of Service core measure.
  - 80.1% of Alberta's provincial highways were determined to be functionally adequate in 2002-03. A provincial highway is considered functionally adequate if the roadway is a standard width, is free of road bans and has an appropriate surface type, and if traffic is unrestricted by speed postings due to the geometric design of the roadway.
  - In 2002-03, 88.8% of provincial highways were in acceptable physical condition. 65.8% were rated as "good", 23% as "fair" and 11.2% as "poor". The International Roughness Index (IRI) is used as an indicator of overall pavement condition and includes factors such as pavement roughness, structural condition and surface distress (such as rutting). An IRI of "fair" or better indicates a highway is in acceptable physical condition for riding comfort on provincial highways and bridges. Ongoing maintenance is required to prevent substantial, noticeable deterioration of aging highways.
- The government's long-term goal is to preserve the physical condition of government owned and supported infrastructure. In 2002-03, the percentage of government infrastructure that was in acceptable ("good" or "fair") physical condition was: 92% of post-secondary institutions; 93% of health facilities, and 97% of government owned and operated facilities. In next year's report, this measure also will include results for schools (K-12).

For more information, see the core measures methodology in the Appendix.

CORE MEASURE(S)

Infrastructure Capacity - Rural National Highway System Level of Service

The chart shows the ease of traffic flow on rural sections of Alberta's National Highway System, measured by the percentage of the system at Level of Service B or better.

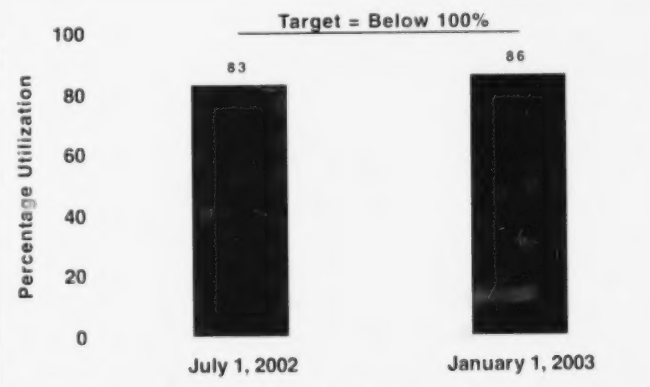
In 2002, 97.7% of rural sections of the system were at Level of Service B or better. The target is: 95% of rural sections of the National Highway System at Level of Service B or better upon completion of the North-South Trade Corridor.

Source: Alberta Transportation.

Infrastructure Capacity - Export Gas Pipeline Utilization

This chart shows the utilization of Alberta's export gas pipelines as a percentage of capacity.

In 2002-03, there was sufficient capacity to meet demand. Utilization was 83% on July 1, 2002 and 86% on January 1, 2003. The target is: Export gas pipeline capacity will exceed demand.



Source: Alberta Energy. Derived from Nova Gas Transmission Ltd. and National Energy Board data. Only the four major export points are included.

Note: Methodology revised from previous years. See core measures methodology in appendix.

Alberta will have effective and efficient infrastructure

Core Measure(s)

Infrastructure Capacity - Rural National Highway System Level of Service

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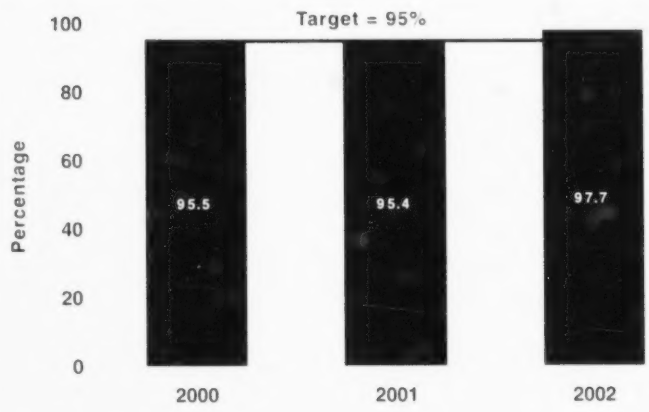

Source: Alberta Transportation.

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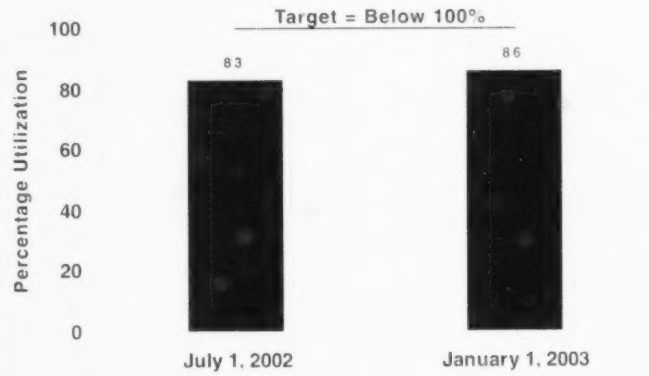


Source: Alberta Energy. Derived from Nova Gas Transmission Ltd. and National Energy Board data. Only the four major export points are included.

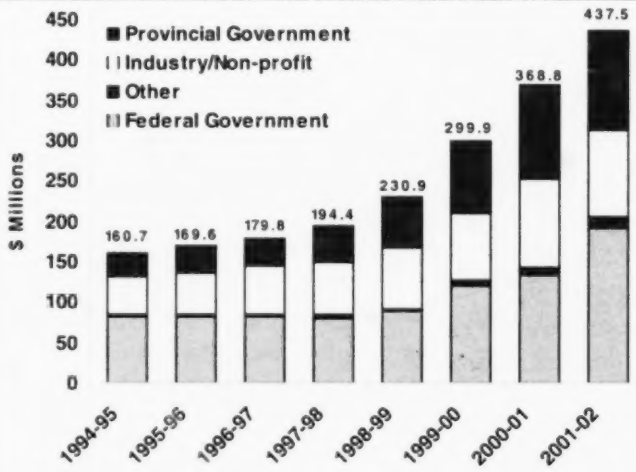
Note: Methodology revised from previous years. See core measures methodology in appendix.

CORE MEASURE(S)

Infrastructure Capacity - Sponsored Research at Alberta Universities

This chart provides a breakdown of the value of sponsored research at Alberta universities by funding source.

Total sponsored research at Alberta universities was $437.5 million in 2001-02 up from $368.8 million in 2000-01. The target is: Continue to increase sponsored research at Alberta universities.



Source: Research Funding at Alberta Universities 2001-2002 Report, November 2002. Alberta Innovation and Science, University Research and Strategic Investments Branch.

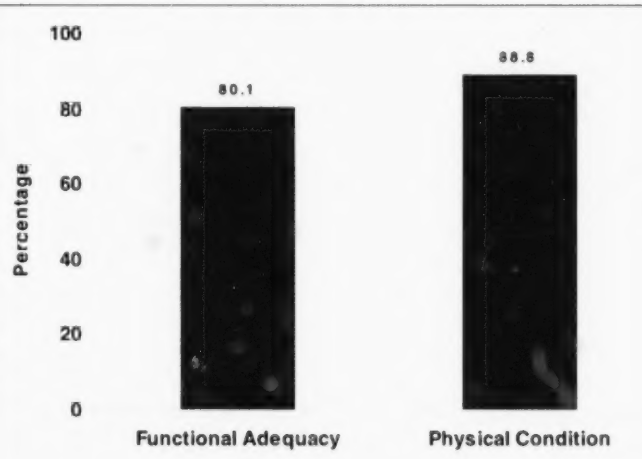
Note: Results for previous years revised.

SUPPLEMENTAL INFORMATION

Physical Condition and Functional Adequacy of Provincial Highways (2002-03)

This chart shows the percentage of provincial highways that are determined to be functionally adequate and in acceptable ("fair" or better) physical condition.

In 2002-03, 80.1% were rated as functionally adequate and 88.8% were in acceptable physical condition.



Source: Alberta Transportation.

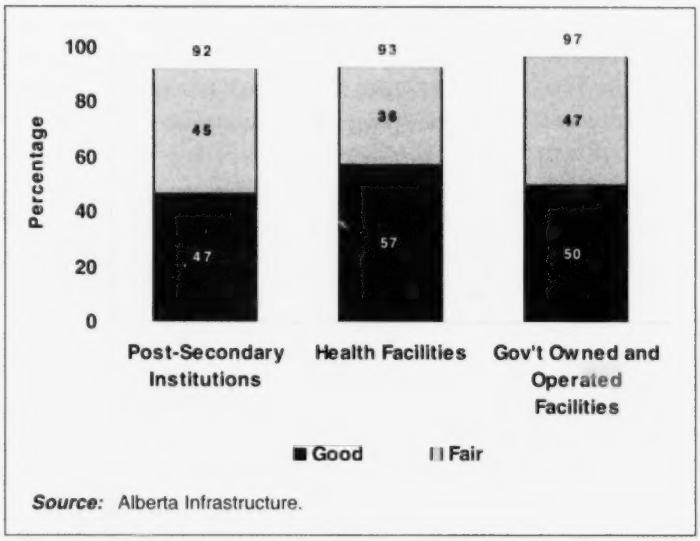
Supplemental Information

Physical Condition of Government Owned and Supported Infrastructure (2002-03)

This chart shows the percentage of government owned and supported infrastructure that is in acceptable ("good" or "fair") physical condition.

In 2002-03, the results were, 92% for post-secondary institutions, 93% for health facilities, and 97% for government owned and operated facilities.

This measure is based on condition inspections and audits of facilities undertaken by both Alberta Infrastructure staff and consultants.



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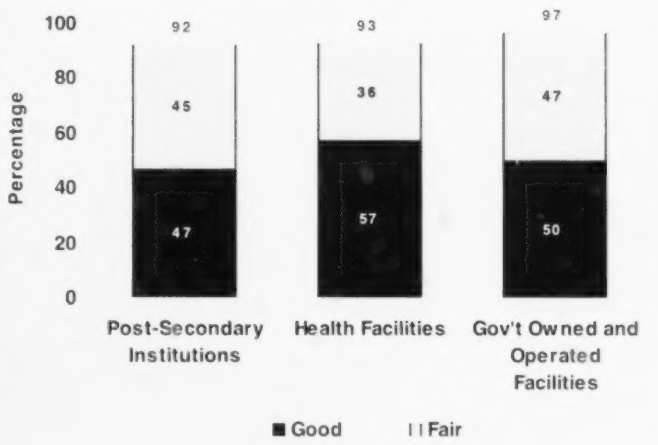


Source: Alberta Infrastructure.

GOAL TWELVE

Alberta will have a financially stable, open and accountable government

Performance Summary

The province earned a triple A credit rating for domestic debt from all three major credit rating agencies, the highest possible rating and highest among the provinces. Alberta had the lowest total provincial and municipal tax load as a percentage of the provincial average. The province continued to be far ahead of schedule for accumulated debt repayment. Albertans' awareness of the government's financial position has decreased from two years ago.

Core Measure(s)	
Provincial Credit Rating	As of March 31, 2003, Alberta's blended credit rating for domestic debt was triple A, the highest possible rating from all three major credit rating agencies. The target is to have the highest blended credit rating for domestic debt among the provinces.
Accumulated Debt	At March 31, 2003, accumulated debt less $2.0 billion cash set aside for future debt repayment was $4.7 billion. This was down from $5.7 billion as of March 31, 2002. (Note: The $5.7 billion accumulated debt level does not include $414 million committed for further debt repayment at the end of the 2001-02 fiscal year but not transferred until 2002-03.) The target is to reduce the March 31, 2000 accumulated debt by at least 13% by 2004-05 and eliminate it no later than 2024-25.
Government Accountability	In 2002-03, 63% of Albertans were aware of the government's financial performance, up from 53% in 2001-02. The target is: 80% of Albertans aware of the government's financial performance.

The following ministries have key measures that support this goal: Executive Council, Finance, Municipal Affairs and Revenue.

Discussion and Analysis

Alberta's credit rating is a broad measure of the province's financial stability, and accumulated debt reduction is an indicator of the government's commitment to fiscal responsibility and long-term financial stability. The new Government Accountability core measure addresses the government's goal to be financially open and accountable to Albertans.

- A credit rating is an independent credit rating agency's assessment of the future ability of an organization to repay its long-term debt, and a method of comparing the quality of different bond issues. Alberta's domestic debt is rated triple A (the highest rating) by Standard and Poor's Rating Services, Moody's Investors Service Limited and Dominion Bond Rating Service. Alberta is the only province with the highest rating by all three major rating agencies.
- Alberta's high triple A blended credit rating reflects the rating agencies' positive assessment of the province's fiscal, economic and political environment. Alberta's top credit rating means that Alberta can borrow money at a lower cost than any other province, reducing the province's debt servicing costs. Alberta's foreign currency debt rating was upgraded to triple A by both Moody's Investors Service Limited and Standard and Poor's Rating Services in 2002.

12 Alberta will have a financially stable, open and accountable government

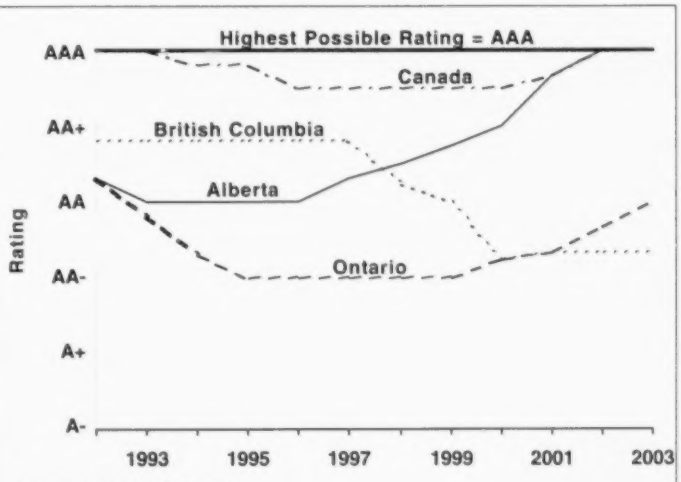
- The level of accumulated debt is an indicator of the financial strength and long-term stability of the province. A high amount of debt burdens future generations of Albertans with debt servicing costs and debt repayment obligations. The *Fiscal Responsibility Act* sets out the government's minimum required schedule to repay the $12.5 billion of accumulated debt that was remaining as of March 31, 2000 over a maximum of 25 years. The legislation includes five-year milestones for repayment of the accumulated debt. As of March 31, 2003, accumulated debt less cash set aside for future debt repayment was $4.7 billion, significantly better than the 2014-15 milestone to have a maximum remaining accumulated debt of $6.245 billion.
- The new Government Accountability core measure tracks the percentage of Albertans aware of the government's financial performance in the past year. The measure reports on a requirement of the *Government Accountability Act* for the government to be financially open and accountable by reporting quarterly to Albertans on progress made in achieving the current year's fiscal plan. In 2002-03, 63% of Albertans were aware of the government's financial performance during the year.
- In 2002-03, Alberta had the lowest tax load (total provincial and municipal) among the provinces at 76.7% of the provincial average (see supplemental information). This measure of tax load includes personal and business taxes, provincial-municipal taxes including property taxes, non-renewable resource revenues, net income from commercial operations, and revenue from premiums, fees and licenses including health care premiums.

CORE MEASURE(S)

Provincial Credit Rating (fiscal year ending March 31)

This chart shows Alberta's blended credit rating for domestic debt relative to British Columbia, Ontario and Canada.

As of March 31, 2003, Alberta's credit rating for domestic debt was triple A, the highest possible rating. The target is to have the highest blended credit rating for domestic debt among the provinces.



Source: Alberta Finance.
Note: The blended credit rating is an average of the credit ratings issued by the following credit rating agencies: Standard and Poor's Rating Services, Moody's Investors Service Limited and Dominion Bond Rating Service.

For more information, see the core measures methodology in the Appendix.

GOAL TWELVE

12 Alberta will have a financially stable, open and accountable government

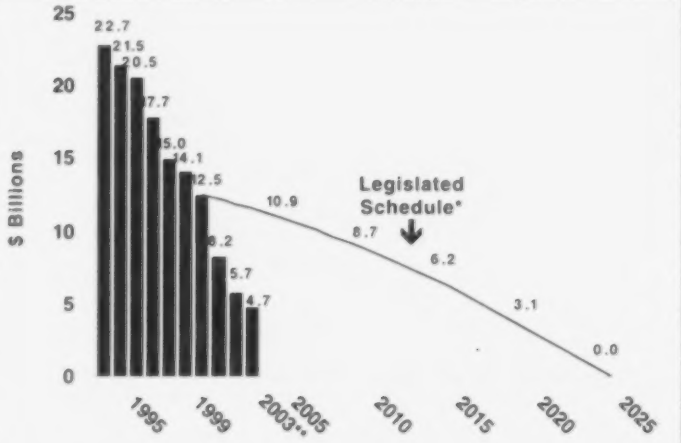
CORE MEASURE(S)

Accumulated Debt (fiscal year ending March 31)

This chart shows Alberta's accumulated debt, which is the sum of the outstanding consolidated debt of the General Revenue Fund, the debt of the Alberta Social Housing Corporation (net of borrowing from the General Revenue Fund) and the government's liability for school construction.

At March 31, 2003, Alberta's accumulated debt less $2.0 billion set aside for future debt repayment was $4.7 billion, far exceeding the March 31, 2015 milestone of $6.245 billion.

The target is to reduce the March 31, 2000 accumulated debt by at least 13% by 2004-05 (to $10.867 billion) and eliminate it no later than 2024-25.



Source: Government of Alberta, Consolidated Financial Statements for the year ended March 31, 2003.

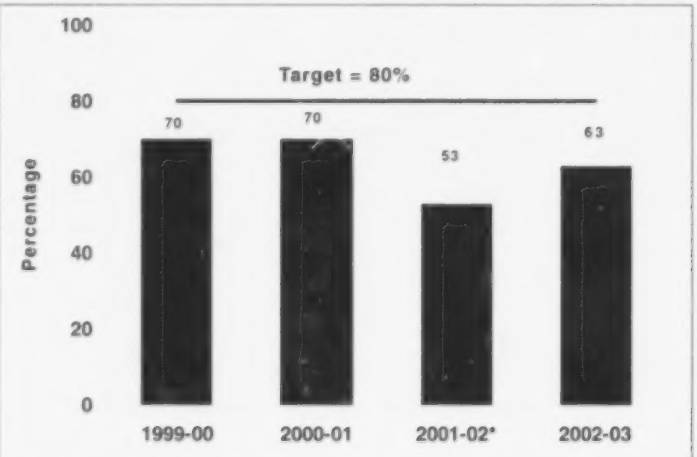
* Accumulated Debt Elimination Schedule of the *Fiscal Responsibility Act* (5 year milestones).
Note: Schedule has subsequently been amended effective 2003-04.

** After $2.0 billion cash set aside for future debt repayment as of March 31, 2003 ($3.2 billion as of March 31, 2002 and $2.1 billion as of March 31, 2001).

Government Accountability

This chart shows the percentage of Albertans aware of the government's financial performance in the past year.

In 2002-03, 63% of Albertans were aware of the government's financial performance. The target is: 80% of Albertans aware of the government's financial performance.



Source: Survey conducted for Alberta Public Affairs Bureau by Environics West.

* Results for 2001-02 may have been affected by the timing of the survey. See core measures methodology in appendix.

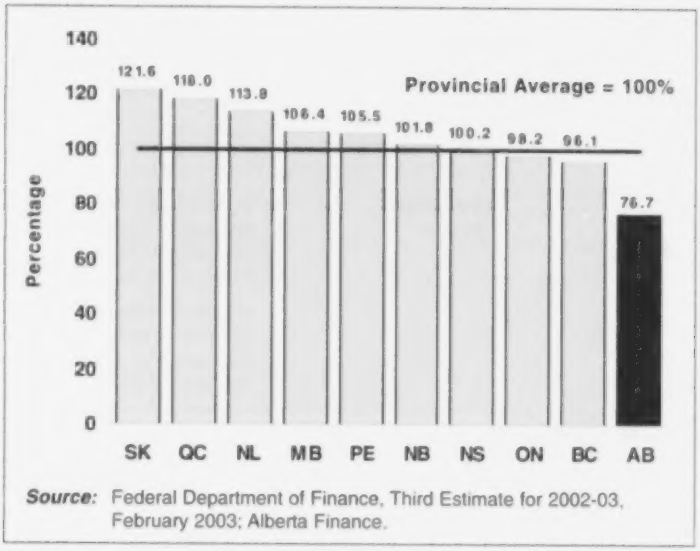
Alberta will have a financially stable, open and accountable government

Supplemental Information

Provincial and Municipal Tax Load
(2002-03)

This chart shows the total provincial and municipal tax loads for the provinces as a percentage of the provincial average.

In 2002-03, Alberta had the lowest tax load among the provinces at 76.7% of the provincial average.



Source: Federal Department of Finance, Third Estimate for 2002-03, February 2003; Alberta Finance.

GOAL THIRTEEN

13 Alberta will have a fair and safe work environment

PERFORMANCE SUMMARY

Alberta ranked eighth lowest among the provinces for person-days lost due to work stoppages down from second lowest, as a result of job action taken by Alberta teachers, but is still significantly better than the Canadian average. In 2002, Alberta's rate of person-days lost due to workplace injury and disease continued to decline.

Core Measure(s)

Workplace Climate	In 2002, Alberta ranked 8th lowest among the provinces for person-days lost due to work stoppages, down from 2nd lowest in 2001. The target is: The rate of person-days lost due to work stoppages will be among the three lowest of all the provinces. Alberta ranked 3rd lowest among the provinces for workplace injury and disease in 1999, the last year for which inter-provincial data is available. The target is: The rate of person-days lost due to workplace injury and disease will be among the three lowest of all the provinces.

The following ministries have key measures that support this goal: Human Resources and Employment.

DISCUSSION AND ANALYSIS

Healthy workplaces, safe workplace practices and cooperative labour relations are important factors in providing a fair and safe work environment. The Workplace Climate core measure tracks Alberta's inter-provincial ranking for work stoppages and workplace injury and disease as indicators of the fairness and safety of Alberta's work environment relative to the rest of Canada.

- Proactive actions such as partnership among business, labour and government, and access to information about workplace health and safety standards, help to protect the work environment. The government also provides long-term workplace planning, issues management and dispute resolution services to help foster a stable labour relations climate.
- In 2002, the rate of work stoppages increased to 5.8 person-days per 10,000 person-days worked, but was still well below the national rate of 8.8. Alberta's ranking among the provinces dropped from 2nd to 8th lowest. Job action taken by Alberta teachers in February 2002 contributed in large part to these results.
- The number of person-days lost due to workplace injury and disease decreased in Alberta from 32.8 in 2001 to 31.8 in 2002. The most recent inter-provincial data for person-days lost due to workplace injury and disease show Alberta was 3rd lowest among the provinces in 1999. More recent inter-provincial results are not available as the collection of data required to calculate this measure was suspended indefinitely by Human Resources Development Canada in 2000. Next year, this measure will be replaced by the number of lost time claims per 100 person-years worked.

Alberta will have a fair and safe work environment

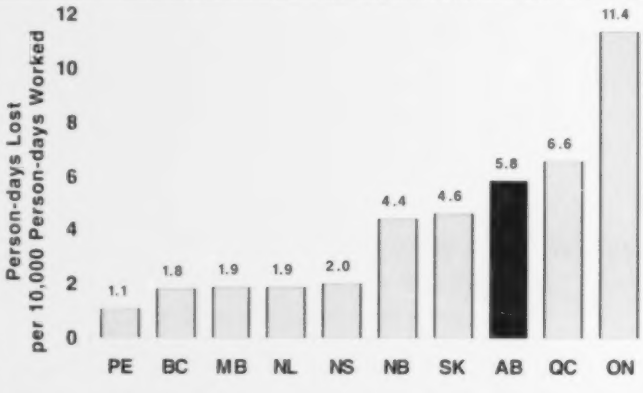
- In order to promote healthy workplaces, the government initiated the Work Safe Alberta strategy (formerly Workplace Safety 2.0) in February 2002. This strategy challenges employees and employers to reduce the workplace injury rate by 40% by 2004. Meeting that challenge will mean 15,000 fewer people will be injured on Alberta work sites. This strategy is particularly important in Alberta's current economy as Workers Compensation Board claims cost Alberta employers almost a billion dollars annually.

Core Measure(s)

Workplace Climate - Work Stoppages (2002)

This chart shows Alberta's provincial ranking of person-days lost due to work stoppages per 10,000 person-days worked.

In 2002, Alberta ranked eighth among the provinces. The target is: The rate of person-days lost due to work stoppages will be among the three lowest of all the provinces.



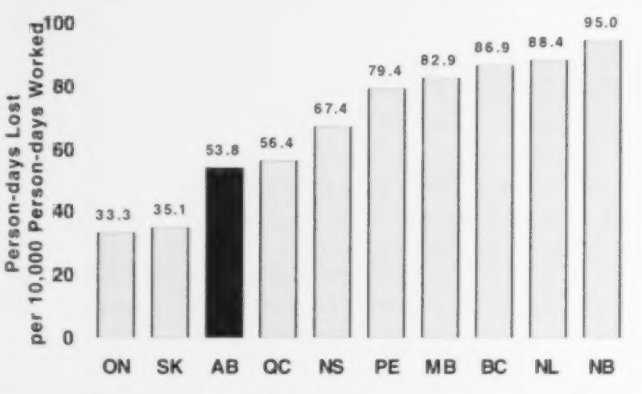
Source: Human Resources Development Canada; Statistics Canada, Labour Force Survey; Statistics Canada, Public Institutions Division, Public Sector Employment, Wages and Salaries (CANSIM).

Workplace Climate - Workplace Injury and Disease (1999)

This chart shows Alberta's provincial ranking of person-days lost due to workplace injury and disease per 10,000 person-days worked.

The most recently available data shows that in 1999, Alberta ranked third lowest among the provinces. The target is: The rate of person-days lost due to workplace injury and disease will be among the three lowest of all the provinces.

Human Resources and Development Canada has suspended the collection of data used to prepare this measure indefinitely. Therefore, 1999 is the last year for which inter-provincial results are available.



Source: Human Resources Development Canada; Statistics Canada, Labour Force Survey; Statistics Canada, Public Institutions Division, Public Sector Employment, Wages and Salaries (CANSIM).

* Data for Quebec, Newfoundland and Manitoba are based on preliminary estimates subject to verification by Human Resources Development Canada.

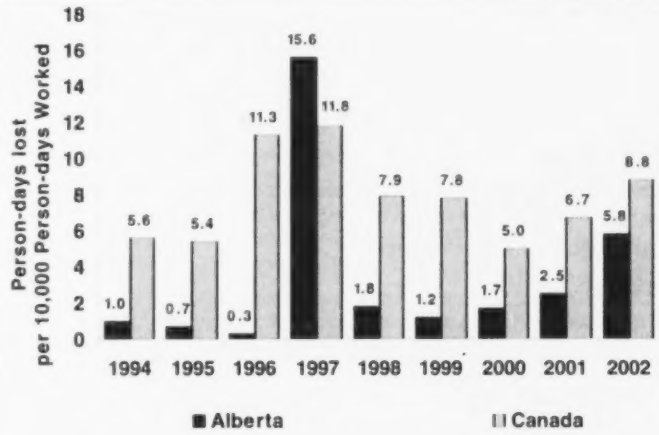
For more information, see the core measures methodology in the Appendix.

SUPPLEMENTAL INFORMATION

Person-days Lost Due to Work Stoppages

This chart compares the rate of person-days lost due to work stoppages in Alberta and Canada.

Alberta's rate of person-days lost increased in 2002, but is still well below the national average.



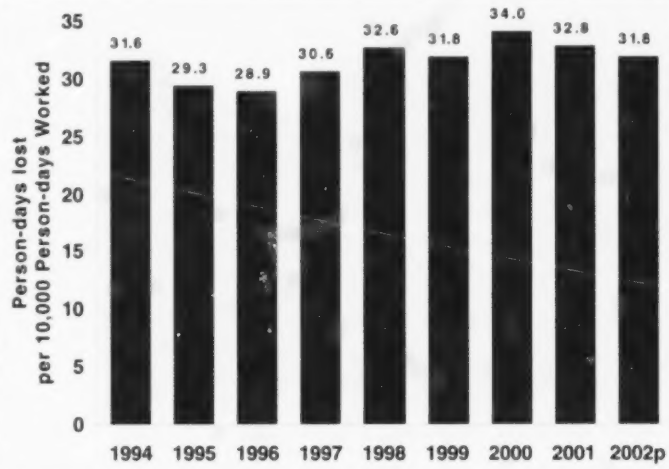
Source: Human Resources Development Canada; Statistics Canada, Labour Force Survey; Statistics Canada, Public Institutions Division, Public Sector Employment, Wages and Salaries (CANSIM).

Note: 1997 Alberta data reflects the effect of the Canada Safeway strike.

Person-days Lost Due to Workplace Injury and Disease

This chart shows Alberta's recent history of the rate of person-days lost due to workplace injury and disease.

In 2002, Alberta's rate of person-days lost due to work place injury and disease declined. (The rate presented for 1999 differs from Alberta's rate presented on the previous page due to different data sources and methodologies, see the Appendix.)



Source: Alberta Human Resources and Employment; Alberta Workers' Compensation Board; Statistics Canada, Labour Force Survey; Statistics Canada, Public Institutions Division, Public Sector Employment, Wages and Salaries (CANSIM).

p = preliminary

GOAL FOURTEEN

Alberta businesses will increase exports

PERFORMANCE SUMMARY

The value of Alberta's international value-added exports continued to decline following a notable surge in 2000, due to a prolonged slump in the information and technology sector, lower commodity prices and minimal growth in world trade due to a continued global economic slowdown and a sluggish U.S. economy.

Core Measure(s)

Export Trade	International value-added exports were $21.0 billion in 2002 (preliminary estimate), down from $22.2 billion in 2001. The target is to increase international value-added exports to $28.5 billion by the end of 2004.

The following ministries have key measures that support this goal: Agriculture, Food and Rural Development, Community Development, Economic Development and Sustainable Resource Development.

DISCUSSION AND ANALYSIS

Exports are a vital part of Alberta's economy and expanding the province's international value-added exports is important for sustaining Alberta's economic growth in a globally competitive marketplace. Value-added exports include manufactured goods, tourism and other services.

- The government's Economic Development Strategy, one of four priority policy cross-ministry initiatives for 2002-03, includes strategies and targets for expanding value-added products and services as a proportion of Alberta's overall economy and exports (see Goal 10 of this report).
- International value-added exports continued to decline in 2002 following a notable surge in 2000 (30.7%). The value of Alberta's international value-added exports declined by 5.4% in 2002 to $21.0 billion due to a prolonged slump in the information and technology sector, lower commodity prices and minimal growth in world trade due to a continued global economic slowdown and a sluggish U.S. economy.
- Since 1993, exports of manufactured products have nearly tripled. A number of Alberta's largest manufacturing sectors such as petrochemicals, processed food and machinery (especially oil and gas field equipment), grew strongly over that period.
- The value of total goods and services international exports declined by 12.5% in 2002 to $54.6 billion. The largest declines were in the energy sector due to lower prices in the first half of 2002, and in the agricultural sector due to two years of drought.

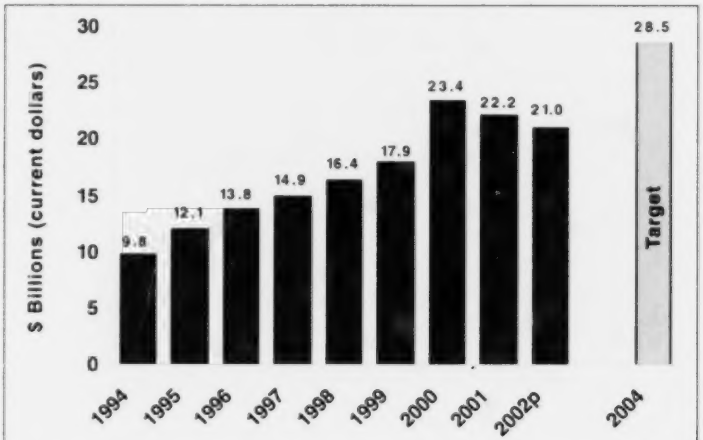
CORE MEASURE(S)

Export Trade - International Value-Added Exports

This chart shows Alberta's international value-added exports measured in current dollars. This includes manufactured goods, tourism and other services.

In 2002, international value-added exports were $21.0 billion, based on preliminary estimates.

The target is to increase international value-added exports to $28.5 billion by the end of 2004.



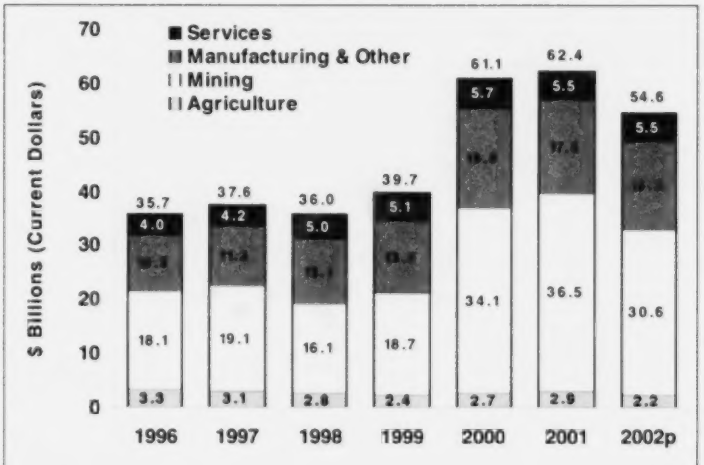
Source: Alberta Economic Development (derived from Statistics Canada data).
Note: Historical data revised. See Appendix.
p = preliminary

SUPPLEMENTAL INFORMATION

International Goods and Services Exports

This chart shows Alberta's total international goods and services exports measured in billions of current dollars by major industry groups.

Total exports were $54.6 billion in 2002, down from $62.4 billion in 2001.



Source: Alberta Economic Development (derived from Statistics Canada data).
Note: Historical data revised.
p = preliminary

For more information, see the core measures methodology in the Appendix.

core business

Preservation ...

The goals for the ***Preservation*** core business reflect the government's priorities for community safety, our renewable resources, the environment, our natural, historical and cultural resources, and Alberta's relations with other levels of government.

GOAL FIFTEEN 15

Alberta will be a safe place to live and raise families

PERFORMANCE SUMMARY

Alberta's crime rates remained above the national rate in 2001. The gap between Alberta's property crime rate and the national property crime rate narrowed, while the gap between Alberta's violent crime rate and the national violent crime rate widened in 2001.

Core Measure(s)

Crime Rate	In 2001, Alberta's violent crime rate increased from 108% to 111% of the national rate, widening the gap between the national and Alberta violent crime rates by 2.7%. The target is to reduce Alberta's violent crime rate below the national rate by 2005.
	In 2001, Alberta's property crime rate remained essentially unchanged at 109% of the national rate, slightly closing the gap between the national and Alberta property crime rates by 0.2%. The target is to reduce Alberta's property crime rate below the national rate by 2005.

The following ministries have key measures that support this goal: Justice, Solicitor General, and Transportation.

DISCUSSION AND ANALYSIS

Violent and property crime rates are direct measures of safety in Alberta communities. To be contributing members of society, Albertans must feel safe and secure in their homes and communities.

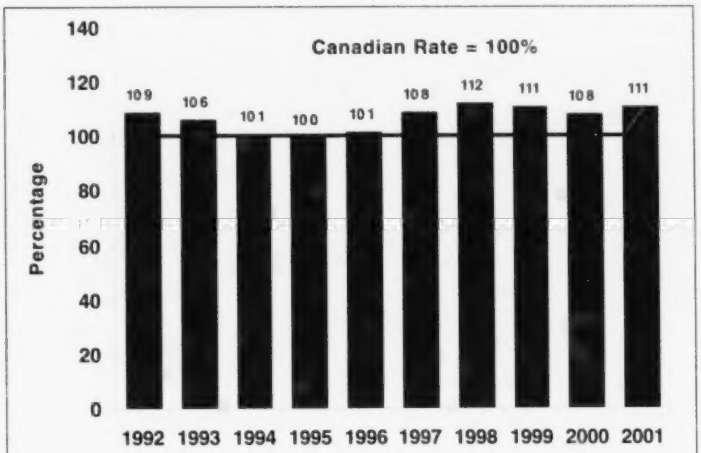
- Although Alberta's property and violent crime rates have been decreasing over the long term, and Alberta has the lowest crime rate of the four western provinces, our provincial rate remains above the national rate.
- Crime rates historically have been higher in western Canada than in central and eastern Canada. Alberta has a younger, more mobile population and a higher proportion of Aboriginal people than other large Canadian jurisdictions. These population groups tend to be over-represented both as offenders and as victims of crime. Policing practices and administrative approaches to crime, which vary by province and territory, also influence crime rates.
- Internationally, the United States tends to have higher rates of violent crime and somewhat lower rates of property crime than Canada. Reported crime rates in England and Wales are similar to Canadian statistics for the years between 1992 and 2001.

CORE MEASURE(S)

Crime Rate - Alberta's Violent Crime Rate (as a percentage of the Canadian rate)

This measure expresses Alberta's violent crime rate as a percentage of the Canadian rate.

Alberta's violent crime rate was 111% of the Canadian rate in 2001. The target is to reduce Alberta's crime rate below the national rate by the year 2005.

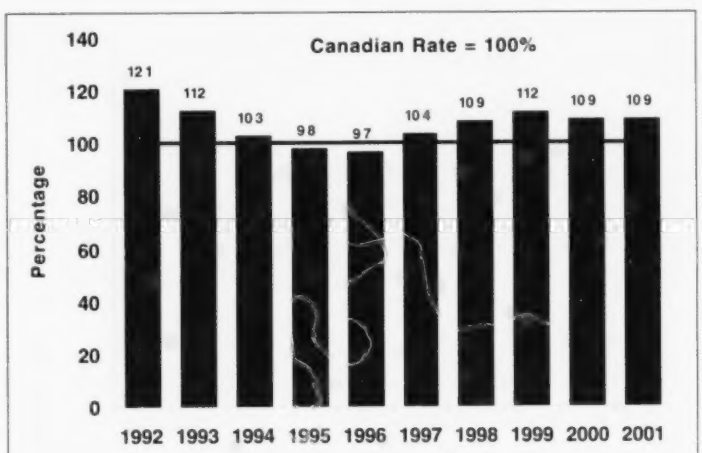


Source: Canadian Crime Statistics, 2001, Canadian Centre for Justice Statistics.

Crime Rate - Alberta's Property Crime Rate (as a percentage of the Canadian rate)

This measure expresses Alberta's property crime rate as a percentage of the Canadian rate.

Alberta's property crime rate was 109% of the Canadian rate in 2001. The target is to reduce Alberta's crime rate below the national rate by the year 2005.



Source: Canadian Crime Statistics, 2001, Canadian Centre for Justice Statistics.

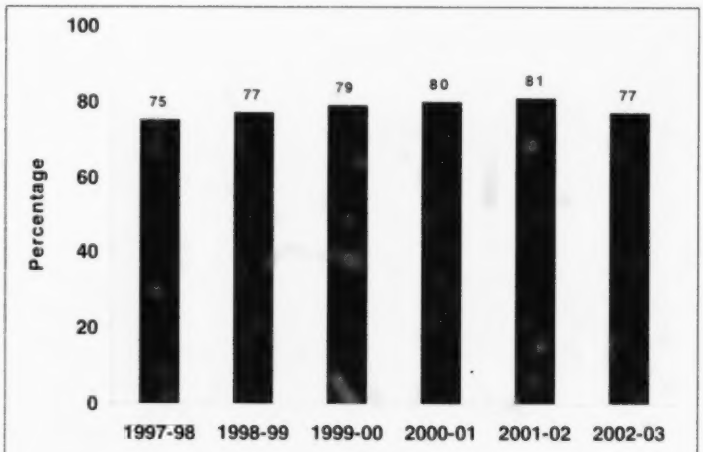
For more information, see the core measures methodology in the Appendix.

SUPPLEMENTAL INFORMATION

Public Perception of Safety in the Neighbourhood

This chart shows the percentage of Albertans who felt comfortable walking alone in their neighbourhoods at night.

In 2002-03, 77% of Albertans felt safe walking alone in their neighborhoods. Lower comfort levels were experienced by residents of Edmonton and Calgary compared to those from smaller cities, who in turn were less comfortable than those from rural areas. In addition, respondents living in households earning $20-$30,000 annually, females and singles felt less safe.

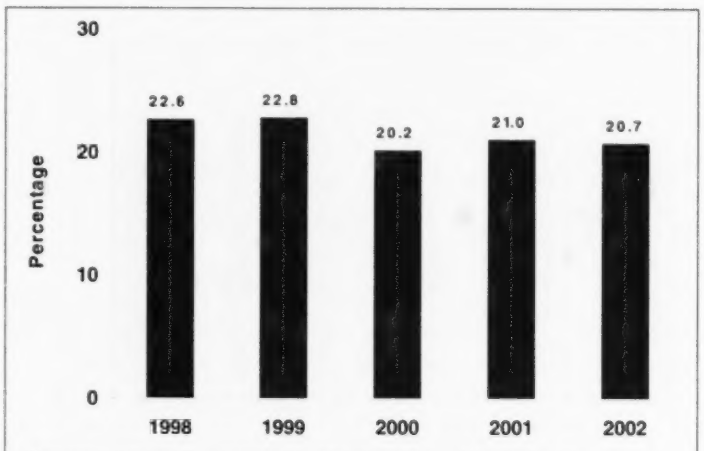


Source: Alberta Justice and Alberta Solicitor General, Survey of Albertans, 2003.

Fatal Collisions Involving Drinking Drivers

This chart shows the percentage of vehicle operators in fatal collisions who, in the attending law enforcement officer's opinion, had consumed alcohol before the crash.

In 2002, 20.7% of fatal collisions involved drinking drivers. Data for this measure is taken from the Alberta Collision Information System, which is administered by Alberta Transportation. This data is based on the calendar year.



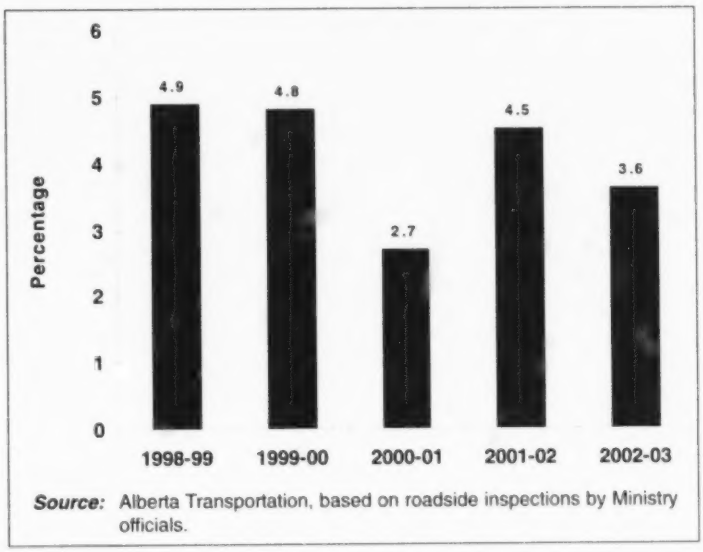
Source: Alberta Transportation, Alberta Collision Information System.

Supplemental Information

Mechanical Safety of Commercial Vehicles

This chart shows the percentage of commercial vehicles that were taken out of service (using nationally recognized criteria) when inspected at roadside checks by Alberta Transportation officials.

In 2002-03, 3.6% of commercial vehicles were taken out of service.



Source: Alberta Transportation, based on roadside inspections by Ministry officials.

GOAL SIXTEEN

Alberta's renewable natural resources will be sustained

PERFORMANCE SUMMARY

Timber harvest remained below the annual allowable cut. Land productivity fell significantly. The continued decline was primarily due to dry conditions - Alberta experienced the worst drought in over 130 years in 2002.

Core Measure(s)

Renewable Resource Sustainability	In 2001-02, Alberta's five-year rolling average timber harvest was unchanged at 18 million cubic metres. The target is to keep timber harvests at or below the annual allowable cut.
	In 2002, farm crop yield decreased from 0.77 tonnes per acre to 0.45 tonnes per acre. The target is to achieve sustainable crop yields of 0.92 tonnes per acre by 2004.

The following ministries have key measures that support this goal: Agriculture, Food, and Rural Development and Sustainable Resource Development.

DISCUSSION AND ANALYSIS

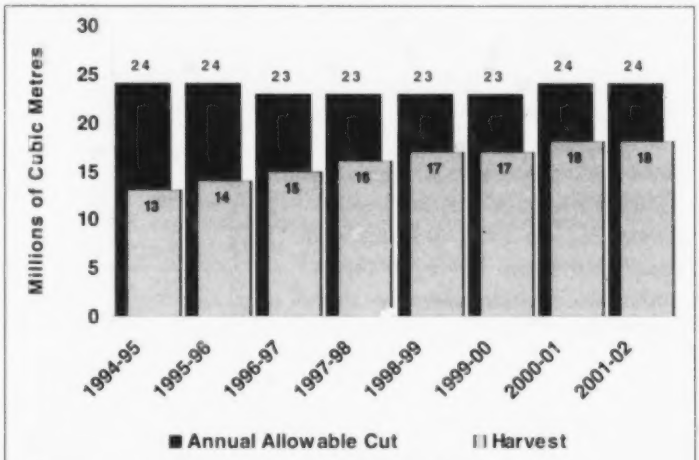
Alberta's renewable resources make a significant contribution to our economy. Ensuring the sustainability of these resources (forests and agricultural lands) will help ensure long-term prosperity for the province. The timber sustainability core measure indicates the general health of Alberta's timber resources and reflects the government's ability to manage this resource in a sustainable manner. The land productivity core measure shows the changes in long-term land productivity as recorded in annual crop output. It is the best indicator of soil quality available at this time. A Soil Quality Index that is a more accurate indicator of soil quality is being developed based on monitoring 42 representative benchmark sites and should be available by 2005.

- Forest product markets during the 2001-02 timber year were depressed well below trend (5 year average) levels. Unusually, both solid wood (lumber and panels) and pulp/newsprint markets were simultaneously deteriorating during this period. As well, significant uncertainty around the resolution of the international trade dispute regarding softwood lumber impacted harvest levels. Depressed forest commodity prices resulted in fewer trees being harvested. Forest fires also impact timber sustainability and harvest levels. Population growth, and the associated increase in the wildland-urban interface, has increased the risk of human-caused forest fires.
- In 2002, parts of Alberta suffered from a lack of moisture not seen for more than 130 years. This greatly impacted soil productivity as well as propensity for forest fires. The extremely dry conditions experienced in Alberta in the spring and summer continued into the fall throughout central and parts of northern Alberta. Variable snowfall in October contributed to surface moisture throughout the province, but was not sufficient to return fall soil moisture levels to normal in the central and northern areas.

CORE MEASURE(S)

Renewable Resource Sustainability - Timber Sustainability

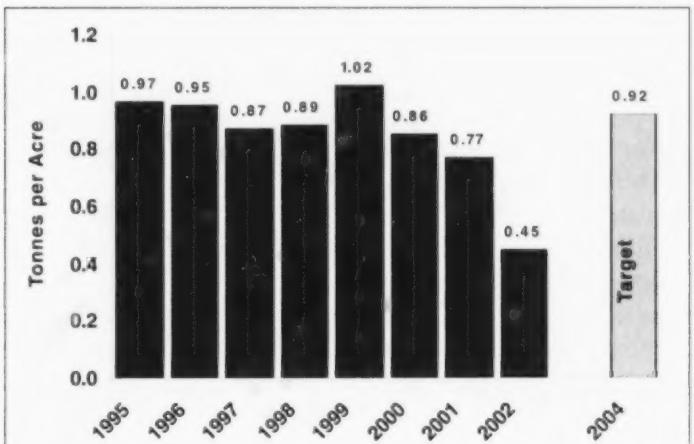
This chart compares the five-year rolling average timber harvest, measured in millions of cubic metres, with the long-term sustainable annual allowable cut. The target of government is to keep the timber harvest at or below the annual allowable cut. In 2001-02, the timber harvest was 18 million cubic metres.



Source: Alberta Sustainable Resource Development.
Note: Data is calculated as a five-year rolling average.

Renewable Resource Sustainability - Land Productivity

This chart shows land productivity, measured by the annual provincial crop yield per acre converted to a standard base of tonnes per acre of wheat. The target is to achieve sustainable crop yields of 0.92 tonnes per acre by 2004. In 2002, annual provincial crop yield per acre was 0.45 tonnes per acre of wheat.



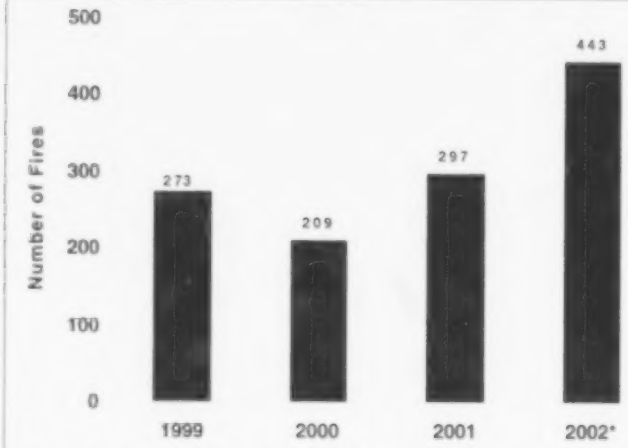
Source: Alberta Agriculture, Food and Rural Development. Data derived from Statistics Canada.

For more information, see the core measures methodology in the Appendix.

Supplemental Information

Wildfire Prevention - Human-Caused Fires

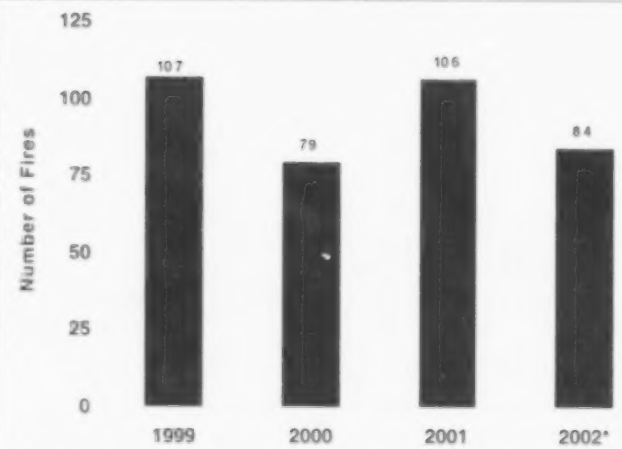
This measure shows the number of human-caused fires within Alberta's Forest Protection Area during the legislated fire season (April 1 to October 31). In 2002, 443 fires were caused by humans. Note that this number also includes industry-caused forest fires.



Source: Alberta Sustainable Resource Development.
* As of March 31, 2003, subject to minor variation pending results of any ongoing investigations.

Wildfire Prevention - Industry-Caused Fires

This measure shows the number of industry-caused fires within Alberta's Forest Protection Area during the legislated fire season (April 1 to October 31). In 2002, 84 fires were caused by industry.



Source: Alberta Sustainable Resource Development.
* As of March 31, 2003, subject to minor variation pending results of any ongoing investigations.

GOAL SEVENTEEN 17 The high quality of Alberta's environment will be maintained

Performance Summary

Alberta continued to enjoy a high quality environment. Surface water quality and air quality continued to remain high. Land productivity fell primarily as a result of the drought.

Core Measure(s)

Water Quality	In 2001-02, all six river systems continued to have good to excellent water quality, with water quality improving at 10 of the 12 locations. Three of six river systems narrowed the gap between upstream and downstream water quality. The target is to bring river quality downstream of developed areas in line with upstream conditions, while maintaining overall river quality.
Air Quality	In 2002, air quality remained at "good" or "fair" with no days rated as "poor" or "very poor". The target is to maintain air quality levels that are considered "good" or "fair" at all times.
Land Quality	In 2002, farm crop yield decreased from 0.77 tonnes per acre to 0.45 tonnes per acre. The target is to achieve sustainable crop yields of 0.92 tonnes per acre by 2004.

The following ministries have key measures that support this goal: Agriculture, Food, and Rural Development and Environment.

Discussion and Analysis

Water, air and land quality are basic requirements for a healthy environment. Ensuring the protection of Alberta's water, air and land is paramount to maintaining our health and quality of life. The Surface Water Quality Index is used to evaluate overall water quality in Alberta's six major river systems. The Air Quality Index provides an indication of the quality of air in Alberta throughout the year. The Land Productivity Index indicates the general health of this resource and reflects the government's ability to maintain the quality of Alberta's land resources.

- The Surface Water Quality Index is influenced by several external factors. For example, river flow volume, temperature, the degree of development along rivers, non-point sources (such as runoff from city streets or agricultural fields), and point sources of effluent (identified single sources) all influence surface water quality.
  - Improvements have been made to water quality below major developments as a result of improved point source controls. Continued improvements are expected as a result of municipal wastewater treatment facilities and infrastructure upgrades.
- Air quality is influenced by a number of factors including vehicle emissions, weather patterns and industrial development intensity.
  - In May 2002, intense forest fires in the Smoky Lake and Redwater areas caused high fine particulate (PM2.5) levels. This episode prompted Capital Health to issue a health advisory for the Edmonton area.
  - Hot weather conditions on four days in July and one day in August 2002 caused elevated ground-level ozone concentrations in Edmonton, Calgary and Red Deer. Under hot weather conditions, more ozone is produced at the ground level from natural and human sources. These higher ozone levels can lead to an increase in summer time smog events.
- In 2002, soil productivity was affected by drought conditions not seen for more than 130 years.

CORE MEASURE(S)

Water Quality

This chart shows index numbers of four variable components (metals, nutrients, bacteria, and pesticides) tested monthly or quarterly at two locations for each of the province's six major river systems. A higher index number indicates higher water quality.

In some cases, the 2001-02 Surface Water Quality Index results for both upstream and downstream sites are better than those for the previous year because of dry conditions in Alberta. Less rain and snowmelt resulted in less surface runoff and therefore less movement of materials from the land to the water. In higher flow years, lower scores can be expected due to increased movement of materials, whether naturally occurring or as a result of human activity, from the land to the water.

In 2001-02, all six river systems continued to have "good" or "excellent" water quality, with water quality increasing at 10 of the 12 locations. Three of six river systems narrowed the gap between upstream and downstream water quality. The target is to bring river quality downstream of developed areas in line with upstream conditions, while maintaining overall river quality.

ALBERTA SURFACE WATER QUALITY INDEX

LOCATION	1998-99	1999-00	2000-01	2001-02
BOW RIVER				
upstream of Calgary	97	97	99	100
downstream of Calgary	82	84	89	86
A slight decrease in downstream quality is largely due to higher nutrient values relative to the previous reporting period (2000-01).				
NORTH SASKATCHEWAN RIVER				
upstream of Edmonton	93	86	90	98
downstream of Edmonton	80	81	85	86
Upstream improvement in water quality is likely due to lower runoff conditions that can reduce the transport of the measured variables into the river water.				
RED DEER RIVER				
upstream of Red Deer	83	87	90	91
downstream of Red Deer	81	75	87	93
Since the upgrading of wastewater treatment (1999-2000) the downstream conditions have generally improved.				
OLDMAN RIVER				
upstream of Lethbridge	89	97	95	96
downstream of Lethbridge	80	86	91	95
Water quality is slightly better upstream of Lethbridge. However, pesticide detections and concentrations remain higher at the downstream site.				
SMOKY/PEACE RIVERS				
at Watino	91	90	93	94
at Ft. Vermilion	94	86	93	88
Nutrients and metals variables occasionally do not meet guidelines. Water quality has declined slightly at Ft. Vermillion primarily due to high spring nutrient concentrations associated with high suspended solids concentrations.				
ATHABASCA RIVER				
at Athabasca	90	91	97	99
at Old Fort	95	91	94	97
Index values have improved slightly at Athabasca and Old Fort, perhaps reflecting decreased runoff and lower suspended solids concentrations associated with drier conditions.				

Index based on the results of testing water quality for four variable groups compared to water quality guidelines.

96-100	Almost always met **(Excellent)**
81-95	Occasionally not met, but usually by small amounts **(Good)**
66-80	Sometimes not met by moderate amounts **(Fair)**
46-65	Often not met, sometimes by large amounts **(Marginal)**
0-45	Almost always not met by large amounts **(Poor)**

Source: Alberta Environment.

For more information, see the core measures methodology in the Appendix.

The high quality of Alberta's environment will be maintained

CORE MEASURE(S)

Air Quality

This table shows the number of days in each air quality category for a given year, based on an index of outdoor concentrations of five major air pollutants monitored at nine stations across the province.

In 2002, Alberta had 354 "good" days, three fewer than in 2001, and 11 "fair" days, three more than in 2001. The target is to maintain air quality levels that are considered "good" or "fair" at all times.

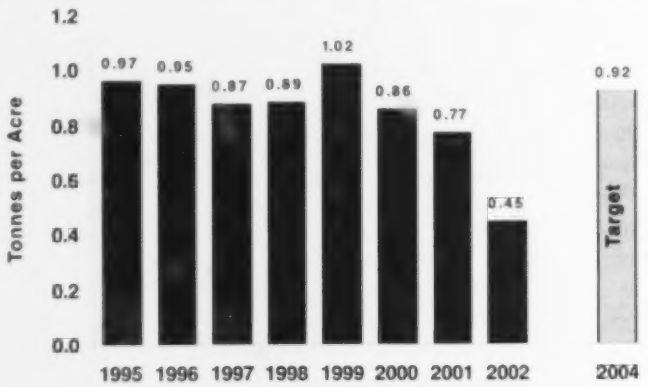
Year	Percent of "Good" Days	Rating			
		Good	Fair	Poor	Very Poor
1998	97	354	11	0	0
1999	98	357	8	0	0
2000	98	359	7	0	0
2001	98	357	8	0	0
2002	97	354	11	0	0

Source: Alberta Environment and Wood Buffalo Environment Association.

Land Productivity

Land quality measures the annual provincial crop yield per acre converted to a standard base of tonnes per acre of wheat.

In 2002, crop yield declined to 0.45 tonnes per acre from 0.77 tonnes per acre in 2001. The target is to achieve sustainable crop yields of 0.92 tonnes per acre by 2004.

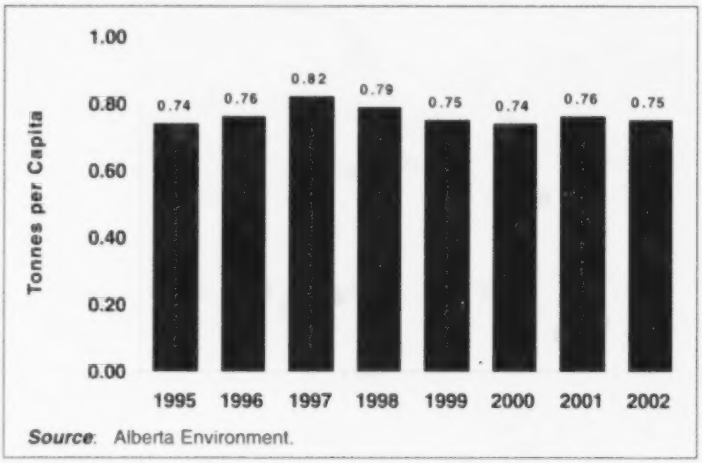


Source: Alberta Agriculture, Food and Rural Development. Data derived from Statistics Canada.

SUPPLEMENTAL INFORMATION

Municipal Solid Waste to Landfills

This chart shows the amount of municipal solid waste going into landfills each year, measured in tonnes per capita. The amount of municipal solid waste going into landfills in 2002 declined slightly from 2001.

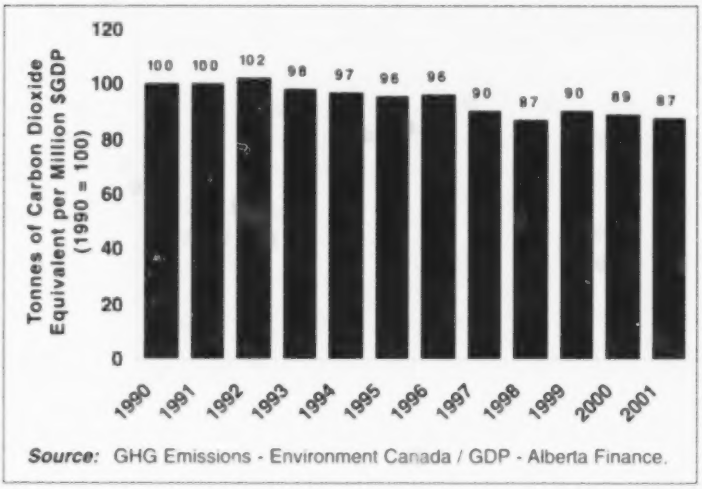


Source: Alberta Environment.

Alberta Greenhouse Gas (GHG) Emissions Intensity

This chart represents Alberta's Greenhouse Gas (GHG) Emissions Intensity over the last decade. Emissions intensity is the total of all GHG emissions in a given year expressed as tonnes of carbon dioxide equivalent divided by Alberta's real gross domestic product measured in chained (1997) dollars. The measure compares the annual GHG emissions intensity for each year to the 1990 base year (1990 = 100).

The current trend shows a reduction since 1990 and reflects voluntary action taken to reduce GHG emissions by Alberta organizations.



Source: GHG Emissions - Environment Canada / GDP - Alberta Finance.

GOAL EIGHTEEN

18 Albertans will have the opportunity to enjoy the province's natural, historical and cultural resources

Performance Summary

Nearly all visitors to provincially-owned historic sites, museums and interpretive centres were satisfied overall with their experiences. The percentage of visitors satisfied overall with services and facilities at Alberta's provincial parks and recreation areas was also very high.

Core Measure(s)

Heritage Appreciation	97.9% of visitors to provincially-owned historic sites, museums and interpretive centres in 2002-03 were satisfied overall, down 0.7% from last year. The target is: 99% satisfaction of visitors with their experiences at provincially-owned historic sites, museums and interpretive centres. In 2002-03, 87.1% of visitors to Alberta's provincial parks and recreation areas were satisfied overall with the services and facilities. This is the first year that results for this measure are available, therefore no target has been set.

The following ministries have key measures that support this goal: Community Development.

Discussion and Analysis

Albertans enjoy a high quality of life owing, in part, to the opportunities to access the province's wealth of natural, historical and cultural resources. These resources include provincial parks and recreation areas, historic sites, museums and interpretive centres, arts and culture, libraries, and sport and recreational opportunities. Measuring the percentage of visitors who were satisfied overall with their experiences and their participation at these natural, historical and cultural resources, ensures a focus on service and quality.

- Protecting, preserving and presenting the province's historical resources and natural heritage through provincial historic sites, museums and interpretive centres and provincial parks and recreation areas advances the quality of life for Albertans by providing educational, scientific, recreational, environmental, cultural and economic benefits. The average total visitation to provincial historic sites, museums and interpretive centres for the past five years is over one million visits per year, and the average total visitation to provincial parks and recreation areas is over eight million visits per year. The age and condition of facilities and programs offered may influence visitors' overall satisfaction.
- The opportunity to participate in arts and cultural activities and sport and recreational activities is an essential element to a high quality of life for Albertans. Arts and cultural activities include such actions as performing in a choir, playing a musical instrument, taking an arts course and visiting an arts exhibition or gallery. Sport and recreational activities include actions such as skiing, golfing, skating, hockey, walking, bicycling and swimming.

GOAL EIGHTEEN — Albertans will have the opportunity to enjoy the province's natural, historical and cultural resources

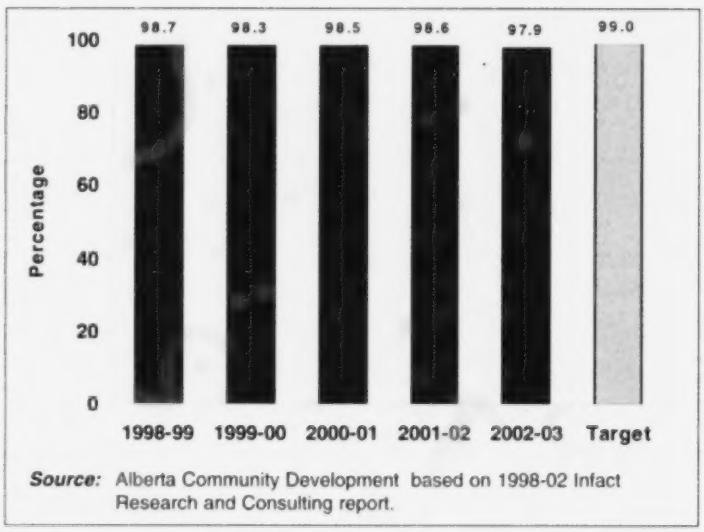
- Volunteerism is defined as the unpaid contribution of time, energy and/or talents to charitable or non-profit organizations, causes and community development activities, or help through personal initiative to individuals. The Alberta government fosters and promotes volunteerism in communities throughout the province.
- Libraries support strong, healthy communities, further lifelong learning and help Albertans compete in the global economy. The Alberta government supports equitable access to library services for all Albertans and provides funding assistance to establish a province-wide network for communications and sharing of library resources.

CORE MEASURE(S)

Heritage Appreciation - Visitors Satisfied Overall with Provincially-Owned Historic Sites, Museums and Interpretive Centres

This chart shows the percentage of visitors to provincial historic sites, museums and interpretive centres who were satisfied overall with their experiences.

In 2002-03, 97.9% of visitors were satisfied. The target is: 99% satisfaction of visitors with their experiences at provincially-owned historic sites, museums and interpretive centres.

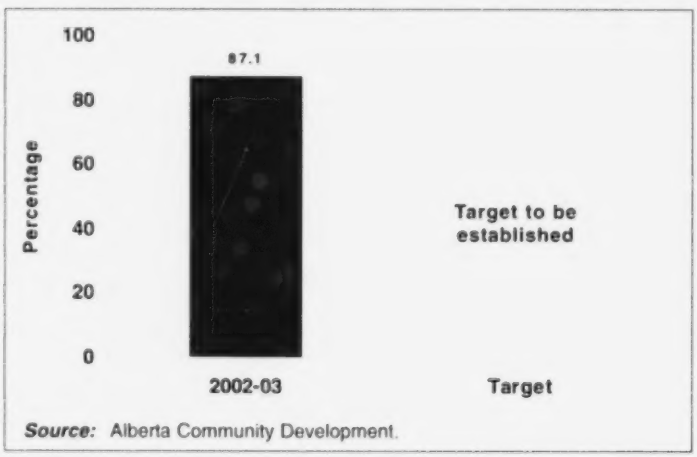


Source: Alberta Community Development based on 1998-02 Infact Research and Consulting report.

Heritage Appreciation - Visitors Satisfied Overall with Provincial Parks and Recreation Areas

This chart shows the percentage of visitors who were satisfied overall with the services and facilities at Alberta's provincial parks and recreation areas.

In 2002-03, 87.1% of visitors were satisfied. No target has been set for this core measure since this is the first year that results are available. Results for 2002-03 and 2003-04 will serve as the benchmarks for setting a target.



Source: Alberta Community Development.

For more information, see the core measures methodology in the Appendix.

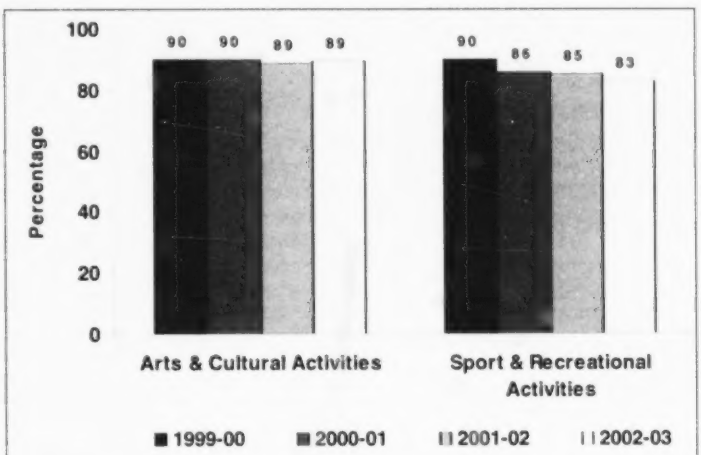
Albertans will have the opportunity to enjoy the province's natural, historical and cultural resources

Supplemental Information

Participation Rates for Arts and Cultural, and Sport and Recreational Activities

This chart shows the percentage of adult Albertans who participated in arts and cultural, and sport and recreational activities.

In 2002-03, 89% of adult Albertans participated in arts and cultural activities, and 83% participated in sport and recreation.

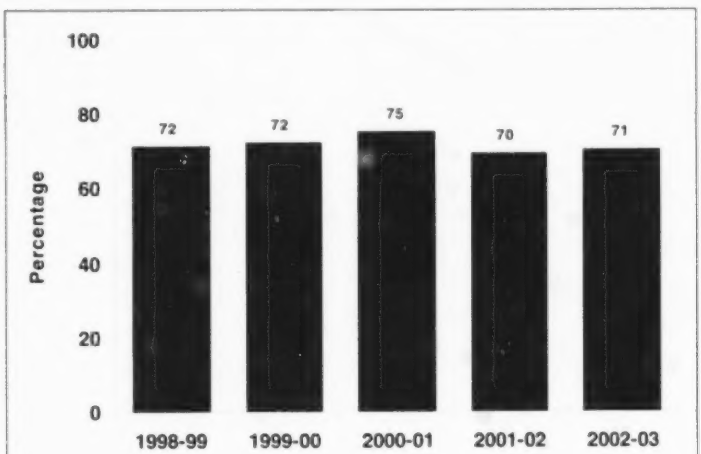


Source: Alberta Community Development, based on 1999-02 Research Innovations Inc. surveys.

Community Volunteerism

This chart shows the percentage of adult Albertans who volunteered in a given year.

In 2002-03, 71% of adult Albertans volunteered.



Source: Alberta Community Development, based on 1998-02 Research Innovations Inc. (prior to 1999, The Advisory Group) surveys.

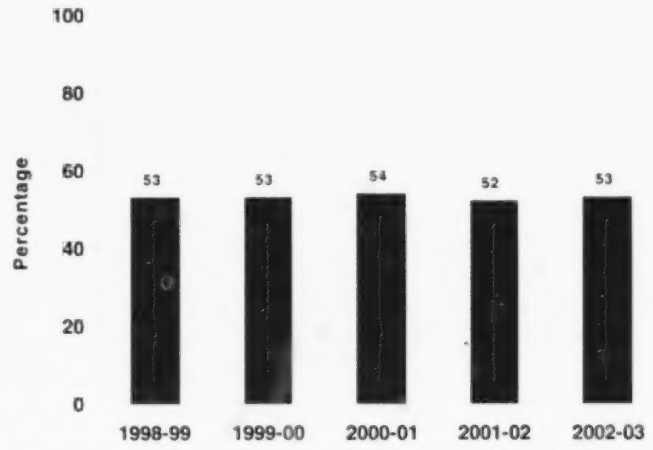
18 Albertans will have the opportunity to enjoy the province's natural, historical and cultural resources

Supplemental Information

Usage of Public Library Services

This chart shows the percentage of adult Albertans who used public library services in a given year.

In 2002-03, 53% of adult Albertans used public library services.



Source: Alberta Community Development, based on 1998-02 Research Innovations Inc. (prior to 1999, The Advisory Group) surveys.

GOAL NINETEEN 19 Alberta will work with other governments and maintain its strong position in Canada

PERFORMANCE SUMMARY

Alberta's public approval rating in federal-provincial relations remained above the average rating of the four nearest provinces and ahead of most provinces in Canada.

Core Measure(s)

Intergovernmental Relations	In 2002, Alberta's approval rating in federal-provincial relations was 114% of the average rating of the four nearest provinces, down from 126% in 2001. The target is to maintain the Alberta government's public approval rating in federal-provincial relations equivalent to the average approval rating of the four nearest provinces.

The following ministries have key measures that support this goal: International and Intergovernmental Relations and Municipal Affairs.

DISCUSSION AND ANALYSIS

The Alberta government plays a significant role in the Canadian federation, demonstrating leadership in policy areas that affect the well-being of Albertans and other Canadians. Public approval ratings reflect Albertans' perceptions of how well the provincial government is advancing the interests of Albertans within Confederation.

- Since 1993, Alberta's public approval ratings in federal-provincial relations have been higher than the average approval rating of the four nearest provinces (British Columbia, Saskatchewan, Manitoba and Ontario), and that of the federal government.
- Alberta works to improve the social and economic well-being of Albertans through a more effective and efficient federation. The government recognizes that positive and productive relations between governments are essential for the effective operation of the Canadian federation.
- The province continually seeks fair and equal treatment for Alberta within the federation, while recognizing the importance of helping other provinces achieve economic and fiscal self-reliance.
- The Alberta government works to ensure that municipalities are financially accountable by establishing legislated limits upon which the criteria for financial accountability are based. Regularly not meeting the criteria, or not addressing the associated problems may indicate viability issues. Nearly all municipalities in Alberta (98%) continued to meet the criteria for financial accountability in 2001.

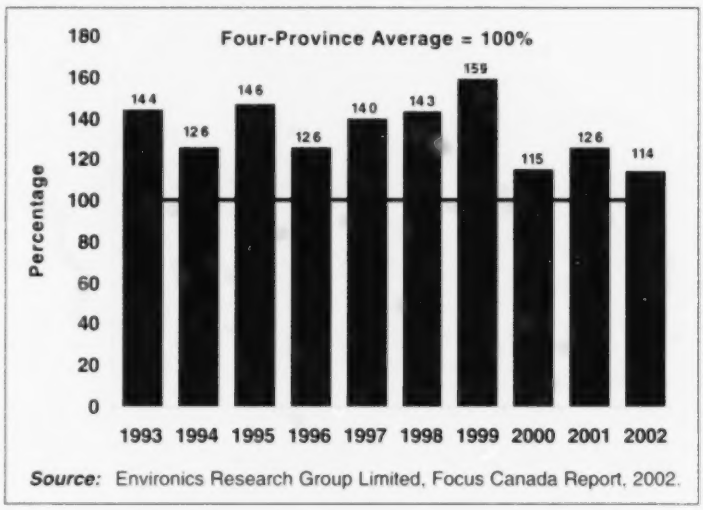
19 Alberta will work with other governments and maintain its strong position in Canada

CORE MEASURE(S)

Intergovernmental Relations - Public Approval Rating of Alberta in Federal-Provincial Relations

This chart shows the public approval rating of the Alberta government in federal-provincial relations as a percentage of the average rating of four nearest provinces (British Columbia, Saskatchewan, Manitoba and Ontario).

In 2002, Alberta's public approval rating was 114% of the four province average. The target is to maintain the Alberta government's public approval rating in federal-provincial relations equivalent to the average approval rating of the four nearest provinces. Alberta has consistently exceeded the public approval rating of the four province average.



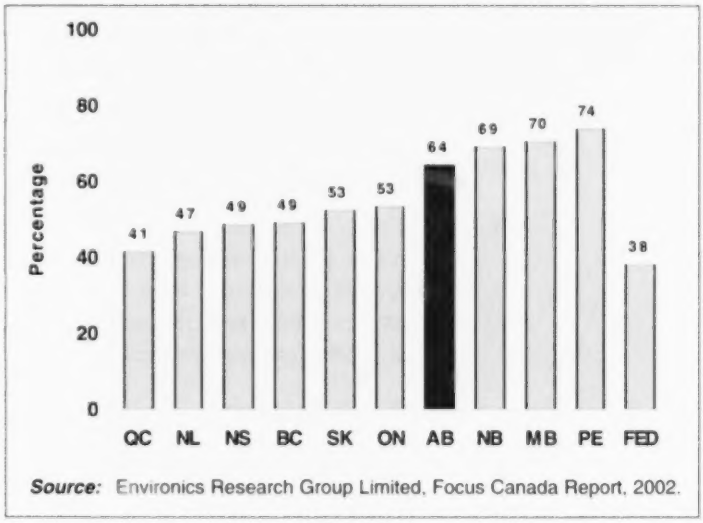
Source: Environics Research Group Limited, Focus Canada Report, 2002.

SUPPLEMENTAL INFORMATION

Public Approval Ratings in Federal-Provincial Relations (2002)

This chart shows Alberta's rank among the provinces and the federal government, for its public approval ratings in federal-provincial relations.

In 2002, Alberta ranked fourth among the provincial and federal governments.



Source: Environics Research Group Limited, Focus Canada Report, 2002.

For more information, see the core measures methodology in the Appendix.

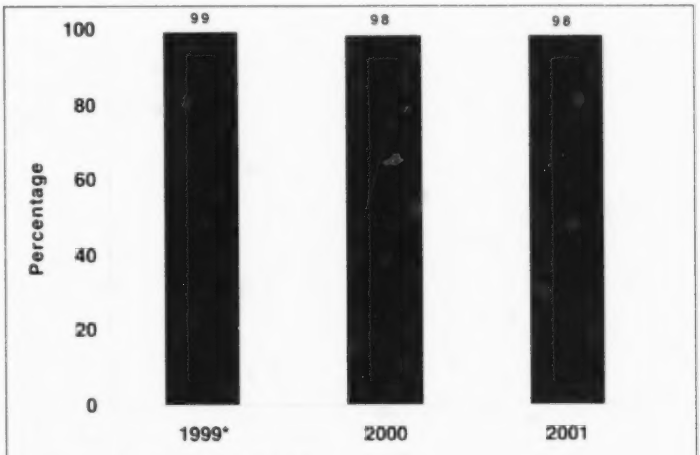
Alberta will work with other governments and maintain its strong position in Canada

Supplemental Information

Municipal Financial Accountability

This chart shows the percentage of Alberta municipalities that met the financial accountability criteria in a given year.

In 2001, 98% of municipalities met the criteria for financial accountability.



Source: Alberta Municipal Affairs.

* The result for 1999 has been restated due to an adjustment to the methodology for 2001.

Priority Policy Cross-Ministry Initiatives ...

Each year, the government business plan focuses on four priority policy cross-ministry initiatives. The initiatives engage people from various ministries to address issues that cut across the government goals. The 2002-03 priority policy initiatives are:

1. the Aboriginal Policy Initiative;
2. the Alberta Children and Youth Initiative;
3. the Economic Development Strategy, and
4. the Health Sustainability Initiative.

PRIORITY POLICY INITIATIVE

API

Aboriginal Policy Initiative

The Aboriginal Policy Initiative (API) provides the Alberta government with internal mechanisms to address the commitments in the *Aboriginal Policy Framework (APF)*. The API supports Government Business Plan Goal 6 and related strategies. It provides a mechanism for cross-ministry coordination to address issues of concern to government and Aboriginal people living in Alberta.

During the first year of the API (2000-01), the focus was on approval of the APF, to provide a policy context for all Government of Alberta ministries to address Aboriginal issues. During its second year (2001-02), the API included development of four key objectives, three long-term (10-year) targets and an Aboriginal goal (Goal 6) in the Government Business Plan.

In this third year of the API (2002-03), there has been further development of more consistent and focused strategies across relevant government ministries, with increasing emphasis on partnerships to address Aboriginal issues. Over 80 per cent of Alberta ministries identified Aboriginal strategies in their 2002-2005 business plans.

The four API objectives for 2002-03 are outlined below, with targets and results achieved for the year. Other noteworthy accomplishments that supported the API include:

- Development of an Aboriginal tobacco framework as part of the Provincial Tobacco Reduction Strategy.
- Initiation of the "Family Friend" home care project in the four eastern Métis Settlements.
- Alberta Solicitor General's "Youth Justice Committee" program received the Institute of Public Administration of Canada (IPAC) gold medal. Thirty Aboriginal youth justice committees are now active in Alberta.
- Aboriginal awareness training provided to 350 Alberta Mental Health Board staff.
- Government of Alberta support for, and participation in, the Treaty 7 125th Anniversary Commemoration.
- Completion of the *First Nations, Métis and Inuit Education Policy Framework*.
- Development of Grade 10 social studies curriculum that includes Aboriginal justice.
- Partnerships between Aboriginal communities/organizations and industry. More than 50 such partnerships exist in Alberta.
- Introduction of the *First Nations Training to Employment Partnerships Program*, intended to address skill shortages and provide employment training for First Nations people.
- *Development of Diversity: A strategy to meet your need for skilled workers*. This publication for employers includes the Aboriginal workforce.

Aboriginal Policy Initiative

PURPOSE: To improve the well-being and self-reliance of Aboriginal people and clarify federal, provincial and Aboriginal roles and responsibilities.

RELATED GOVERNMENT BUSINESS PLAN GOALS:
Goal 6 - The well-being and self-reliance of Aboriginal people will be comparable to that of other Albertans.

MINISTRY CHAMPIONS: Aboriginal Affairs and Northern Development, Justice and Children's Services

OBJECTIVE: **Improve the health status and well-being of Aboriginal people.**

TARGETS	RESULTS
• Implement 3 to 4 additional addictions initiatives in Aboriginal communities.	• New addictions initiatives implemented with the St. Paul Friendship Centre, Mikisew Cree First Nation, Piikani Nation and Freedom River Counselling Group.
• Implement 2 Early Childhood Development Initiatives for children and families and a Mental Wellness Health Promotion campaign in Aboriginal communities.	• Mental health early-intervention initiatives implemented in High Level and Piikani Nation. • Aboriginal mental wellness/health promotion campaign launched February 2003.
• Increase the number of Aboriginal children who are permanently placed and the number of children returned to community care by an additional 10%.	• Bigstone Cree Nation/MaMowe CFSA Permanency Planning Project permanently placed 18 children. • During 2002-03, 1,262 Aboriginal children entering government care returned to community care - 22% increase over 2001-02.
• Develop baseline data on a range of health utilization indicators to provide annual updateable data to measure improvement in health status among Registered Indians.	• General, updateable health indicators developed for the provincial First Nations population, with input from Alberta First Nations. • *First Nations Health Service Study Report* to be released June 2003.
• Improve the identification of diabetes and reduce complications (blindness, amputations and renal failure) among Registered Indians.	• Continued work with health care partners to improve identification of diabetes, which improves treatment and reduces complications. • Baseline data on complications now available: First Nations / General Population Blindness 0.8% / 0.7% Amputations 1.1% / 0.3% Renal Failure 2.0% / 1.4%
• Increase the number of ongoing community-based Aboriginal health projects by 8%.	• Seven new projects funded under the Aboriginal Health Strategy Project Fund - a 28% increase in community-based primary health care projects.
• Develop reporting methodology and report on fire statistics for Aboriginal communities.	• New electronic fire reporting system implemented in co-operation with Alberta First Nations. • First Nation fire statistics for 2001 to be included in Fire Commissioner's Office Annual Report.
• Increase the number of Aboriginal communities with active Youth Justice Committees by 15%.	• Communities with active Aboriginal youth justice committees increased by 15% to 30.

Aboriginal Policy Initiative

OBJECTIVE: **Support life-long learning opportunities for Aboriginal people and promote appreciation of Aboriginal cultures.**

TARGETS	RESULTS
• Increase the number of Aboriginal students attending selected post-secondary institutions by 2%.	• The number of institutions that provided information on Aboriginal student enrollments doubled. • Enrollment at selected post-secondary institutions was 1,226 in 2001-02. • Due to differences in data collection methods, enrollment numbers are not strictly comparable from year to year.
• Increase the percentage of Aboriginal students (with Registered Indian Status attending Alberta school jurisdictions under tuition agreements) achieving the Acceptable Standard on Grade 3, 6, and 9 Achievement Tests by 1%.	• Overall increase of more than 1% in Aboriginal students achieving the Acceptable Standard. • Data from 2001-02 test results. Data is limited to tuition agreement students and does not represent the Alberta Aboriginal student population as a whole.
• Increase the total value of bursaries and the number of recipients of the Aboriginal Health Careers Bursary by an additional 8%.	• 12% increase in total value of bursaries - 53 awarded, totaling $271,500. • Initiatives underway to encourage more applications.
• Work with Aboriginal communities and education providers on voluntary data collection.	• Worked with school jurisdictions and post-secondary institutions that collect information on Aboriginal ancestry as part of the registration process. • Initiated communications with Aboriginal communities regarding voluntary self-declaration of Aboriginal ancestry on public school and post-secondary registration forms.
• Collect baseline data on appreciation of Aboriginal culture at select Alberta parks and cultural facilities.	• Visitors to three Provincial Parks (sample size 1,290) rated Parks' success in promoting appreciation of Aboriginal history and culture. Unaudited results show "Excellent" or "Good" ratings from 97% for Writing-On-Stone (major Aboriginal focus) to 41% for Dinosaur Provincial Park (minor Aboriginal focus). • Visitors to six provincially owned heritage facilities (sample size 1,044) rated the understanding they gained about Aboriginal history and culture. Unaudited results show "Excellent" or "Good" ratings from 89-97%. • Survey data intended to further promote appreciation of Aboriginal culture at Provincial Parks, Protected Areas and Cultural/Historical Facilities.

Aboriginal Policy Initiative

OBJECTIVE: **Increase the participation by Aboriginal people in the Alberta economy.**

TARGETS	RESULTS
• Initiate 5 additional projects to provide training leading to employment in natural resource industries.	• Five new employment-oriented training projects developed with Aboriginal communities/ organizations and private sector partners. • The projects, based in Bonnyville, Red Earth Creek, Atikameg and Edmonton, involved 130 First Nation and Métis trainees.
• Establish and implement apprenticeship projects for Aboriginal people in two additional communities by March 31 '03.	• Alberta Aboriginal Apprenticeship Project (AAAP), a joint initiative with the Aboriginal community, industry and the federal government, launched September 2002. • AAAP pilot projects in Fort McMurray, High Level and Edmonton.
• Subject to demonstrated capacity, 100% of transportation and water projects undertaken on First Nation reserve or Metis Settlement land will include an Aboriginal content clause to supply labour, equipment or material.	• Six projects undertaken on First Nation reserve or Métis Settlement land in 2002-03. • All projects where the community demonstrated capacity to participate included clauses for Aboriginal participation.
• Implement a pilot project with Statistics Canada to generate Aboriginal-specific Labour Force Survey data.	• Pilot project with Statistics Canada implemented to include Aboriginal "identifiers" in the monthly Alberta Labour Force Survey. • Preliminary results expected by fall 2003.
• Increase to 10 the number of Aboriginal organizations participating in Regional Economic Development Alliances (REDAs).	• Enhanced participation in REDAs enables Aboriginal communities to take advantage of existing opportunities. • Nine Alberta First Nations and Métis Settlements now participate in REDAs.
• Initiate an additional 3 to 5 capacity building pilot projects with Aboriginal communities and other partners.	• Five capacity-building pilots initiated in 2002-03, including economic development, business planning and governance.

OBJECTIVE: **Clarify federal/provincial/Aboriginal roles and responsibilities.**

TARGETS	RESULTS
• Produce a strategic overview of Aboriginal participation in the Alberta economy by September 30, 2002.	• Strategic overview of existing Aboriginal Participation in the Alberta Economy prepared for the Alberta/Canada Partnership Forum, June 2002.
• Develop draft consultation policy and guidelines for consideration by Cabinet by November 30, 2002.	• Consultation policy and principles approved in principle by Cabinet in August 2002, for the purpose of initiating discussion with the Aboriginal community, industry and other stakeholders.
• Develop oil and gas consultation guidelines by March 31, 2003.	• Oil and gas consultation guidelines developed - awaiting implementation of broader provincial consultation policy and guidelines.

PRIORITY POLICY INITIATIVE

Alberta Children and Youth Initiative

The Alberta Children and Youth Initiative (ACYI) is a collaborative partnership of government ministries working together on issues affecting children and youth. Its vision ensures that Alberta's children and youth are well cared for, safe, successful at learning and healthy (Goal 2, Alberta Government Business Plan 2002-2005). In addition to Goal 2, the ACYI contributes to the following Government Business Plan goals:

- Goal 3 - Alberta students will excel.
- Goal 5 - Albertans unable to provide for their basic needs will receive help.
- Goal 6 - The well-being and self-reliance of Aboriginal people will be comparable to that of other Albertans.
- Goal 15 - Alberta will be a safe place to live and raise families.

The ACYI arose from the recognition that a coordinated government-wide effort is critical for the effective and efficient support of children, youth and their families. Working together within a common policy framework, ministries and communities can more effectively address issues.

The development of integrated provincial policies and programs enables local authorities to plan and deliver an integrated system of services to meet the needs of families in their communities.

In addition to the ministry champions of Children's Services and Learning, Health and Wellness (together with Alberta Alcohol and Drug Abuse Commission and the Alberta Mental Health Board), Aboriginal Affairs and Northern Development, Community Development, Human Resources and Employment, and Solicitor General comprise the partnership of the ACYI.

There are four priority areas that ACYI partnering ministries collaboratively worked on during 2002-2003, along with the targets set and the results achieved. In addition to these priority areas, ACYI ministries continue to coordinate and support several key partnership initiatives, including Fetal Alcohol Spectrum Disorder, Children's Mental Health, Protection of Children Involved in Prostitution, Student Health Initiative and Early Childhood Development.

Alberta Children and Youth Initiative

PURPOSE: Support the healthy development of Alberta's children and youth through the joint efforts of provincial government ministries, local boards and authorities, families and communities.

RELATED GOVERNMENT BUSINESS PLAN GOALS:

Goal 2 - Alberta's children and youth will be well cared for, safe, successful at learning and healthy.
Goal 3 - Alberta students will excel.
Goal 5 - Albertans unable to provide for their basic needs will receive help.
Goal 6 - The well-being and self-reliance of Aboriginal people will be comparable to that of other Albertans.
Goal 15 - Alberta will be a safe place to live and raise families.

MINISTRY CHAMPIONS: Children's Services, Learning

OBJECTIVE: **Families with children and youth with complex special needs (developmental, physical health and/or mental health) will benefit from a coordinated cross-ministry approach to providing services.**

TARGETS	RESULTS
• Draft report for management of complex high cost cases completed.	• Report on "Management of Integrated Services for Children and Youth with Complex Needs and their Families" developed.
• Provincial policy framework developed.	• Provincial "Policy Framework for Services for Children and Youth with Special and Complex Needs and their Families" developed which identifies critical areas in managing the needs of children and youth with special and complex needs.
• 75% of regions report that a collaborative regional planning process is in place for children and youth with complex needs.	• 75% of regions reported a collaborative regional planning process is in place for children and youth with complex needs.

Alberta Children and Youth Initiative

OBJECTIVE: **Youth are supported and assisted in making a successful transition to adulthood.**

TARGETS	RESULTS
• 100% of partnering ministries review policies.	• 100% of partnering ministries reviewed their respective policies related to youth, in keeping with the Youth in Transition Policy Framework, which was approved by Standing Policy Committee in December 2001. The Framework ensures a consistent approach across ministries in developing policies impacting youth.
• Policy recommendations developed.	• A number of policy recommendations were developed to enhance supports to youth to facilitate a successful transition to adulthood, such as career supports to ensure youth in the care of child welfare have access to programs, services and supports to assist with employment planning and readiness; financial and social supports; mechanisms for ensuring basic needs for youth in transition are met; and opportunities for connecting youth to networks of support.
• Implementation of approved policies.	• Approved policies implemented: Protocol developed between Children's Services and Human Resources and Employment for providing career planning and/or financial supports for youth in care.
• Minimum of 10 communities report a collective increase of 300 adult mentors willing to mentor young people.	• Fourteen communities report a collective increase of 309 adults willing to mentor youth.

Alberta Children and Youth Initiative

OBJECTIVE: **Aboriginal children and youth are provided services for a healthy start in life and are supported through to a successful transition to adulthood.**

TARGETS	RESULTS
• Implement at least 10 programs in Aboriginal communities that promote the healthy birth and development of Aboriginal children.	• Eleven programs implemented in Aboriginal communities that promote the healthy birth and development of Aboriginal children by addressing health/mental health and literacy needs of Aboriginal children: - Three Fetal Alcohol Syndrome (FAS) projects. - Three mental health projects. - Three parent-child literacy projects. - Two pre-kindergarten literacy sites based on Norwood School literacy model.
• Consult with Elders to enhance the Aboriginal component of programs to support Aboriginal youth leaving prostitution.	• Consulted with Aboriginal Elders and representatives from the Métis Nation to seek advice on further development of the Protection of Children Involved in Prostitution (PChIP) initiative and linkages with the Aboriginal community.
• Program enhancements developed for Aboriginal youth leaving prostitution in at least three sites.	• Program enhancements for Aboriginal youth leaving prostitution occurred in three sites.
• Provincial strategy to address Aboriginal youth suicide developed.	• Provincial Aboriginal Youth Suicide Prevention Strategy developed which includes strategies within four key themes: i) Working with Communities; ii) Broadening Awareness and Providing Education; iii) Building Knowledge through Research and Evaluation; and iv) Providing Training to Support Community Mobilization.

OBJECTIVE: **Duplication of partnerships at the regional level are minimized and a transition process of ACYI initiatives to communities established.**

TARGETS	RESULTS
• 70% of the regions report that streamlining has enabled consolidation of ACYI partnerships at the regional level.	• 71% of regions reported that the planning and reporting process for ACYI initiatives has been simplified/streamlined and has enabled consolidation of partnerships.
• 75% of ACYI strategies have transitional plans developed for community management (e.g., Student Health Initiative).	• 80% of ACYI initiatives have transitional plans developed: - Student Health Initiative; - Fetal Alcohol Syndrome; - Protection of Children Involved in Prostitution; - Early Childhood Development.

Economic Development Strategy

The Alberta government released *Get Ready Alberta - Strengthening the Alberta Advantage*, a new economic development strategy, in February 2000. Recognizing the province's current strengths, anticipating changes and identifying broad strategic directions to capitalize on future opportunities, the strategy provides a framework to inform business planning activities from a broad, integrated perspective and supports the following Government Business Plan goal:

- Goal 7 - Alberta will have a prosperous economy.

While concentrating on the core business of Prosperity, *Get Ready Alberta's* four broad themes of innovation, learning, competitiveness and quality of life recognize that economic and social elements of the province are inter-connected. Sustaining the momentum of Alberta's economic growth is not an end in itself. It is the means by which a province is built where all citizens have the opportunity to contribute and share in the *Alberta Advantage*. A strong economy provides the ability to deliver services Albertans demand. Quality education, effective health care services, modern infrastructure, responsive social programs and safe and secure communities support Alberta's attractiveness as a good place to live, raise a family, work, run a business, invest and visit.

Recognizing the collaborative approach required to maximize the *Alberta Advantage*, Alberta's Economic Development Strategy as articulated by *Get Ready Alberta* was first named a priority policy cross-ministry initiative in 2000-01. The objectives in the first year focused on ensuring that the strategy was in use across ministries. Alberta's Economic Development Strategy was renamed a priority cross-ministry initiative for 2001-02 and 2002-03.

The initiative has evolved to capture specific pressing issues requiring a cross-ministry, cross economic and social approach such as regional collaboration, labour force development, and a more strategic approach to economic development as identified in the value-added strategy. Strong steps forward have been made on each of the four objectives over 2002-03 through significant teamwork and collaboration across ministries. Alberta Human Resources and Employment was added as a co-champion and Alberta Innovation and Science continued as a contributing ministry.

Four objectives remain for the initiative in 2002-03. The first objective builds on the progress towards the original four strategic directions and 16 performance targets in *Get Ready Alberta*. The objectives for 2002-03 were:

- Continue to implement Alberta's economic strategy as outlined in *Get Ready Alberta*:
  - Unleashing Innovation,
  - Leading in Learning,
  - Competing in a Global Marketplace, and
  - Making Alberta the Best Place to Live Work and Visit;
- A broadly based, versatile economy by further diversifying Alberta's economic sectors;
- A collaborative approach to regional economic development that builds on regional goals, priorities, and strengths, and
- Sufficient supply of skilled labour to meet Alberta's economic growth.

Economic Development Strategy

PURPOSE: A future of opportunity in a province that's unmatched through ministries working together with business, industry, communities, other governments and public institutions, employees and other stakeholders.

RELATED GOVERNMENT BUSINESS PLAN GOALS:
Goal 7 - Alberta will have a prosperous economy.

MINISTRY CHAMPIONS: Economic Development, Human Resources and Employment and Learning

OBJECTIVE: **Continue to implement Alberta's economic strategy as outlined in *Get Ready Alberta*.**

TARGETS	RESULTS
Unleashing Innovation	
• Alberta's SuperNet will be available to 133 communities and 968 schools, hospitals, libraries, and provincial government buildings.	• Communities connected estimated at six - schools, hospitals, libraries and provincial government buildings at 45 - below target. While progress on the originally announced rollout schedule is behind, the project is still estimated to be completed in mid-2004, as planned. Purchases of existing fibre optic cable from provincial suppliers are being finalized and will be incorporated into the design and build of the network, allowing significant progress in a short period of time.
• Grow employment in the information and communications technology (ICT) industry by 5,000 new jobs.	• Estimated at 2,000 - below target due to global recession in the telecommunications and information technology sector.
• Increase the level of investment in Research and Development - $1.4 billion.	• Initial data for 2000 indicates that target has been achieved. New target to be introduced for 2003-04 will look at the amount of sponsored research at Alberta's universities. This new measure allows for more up to date tracking.
Leading in Learning	
• 33% of Albertans participating in post-secondary education.	• 35% - above target.
• 72% high school completion rate.	• 74% - above target.
• 25% of high school and post-secondary students enrolled in a second language.	• 22% - below target - the results have improved and are now moving toward the target. Second languages are optional courses. New target to be introduced for 2003-04 will be based on all Grade 12 students who earned credit in second language courses in high school, shifting the focus from annual activity to overall result.
• 80% of participants in employment training indicate they obtained an improved education or skill level.	• Estimated at 86% - above target.

Economic Development Strategy

Competing in a Global Market place

• 25,000-30,000 new jobs.	• Estimated at 41,700 - above target.
• Accumulated debt (less cash set aside for future debt repayments) reduced to $5.8 billion by March 31, 2003.	• $4.7 billion - above target.
• Value-added international exports - $23.6 billion.	• Estimated at $21.0 billion - below target. Exports of manufactured goods fell 12% in the first half of 2002, due to the high tech meltdown, lower commodity prices and weak demand for manufactured goods.
• 77% of the north-south trade corridor (BC border west of Grande Prairie to Coutts) is open to four-lane traffic.	• Estimated at 77% - on target.

Making Alberta the best place to live, work and visit

• Tourism revenues - $4.4 billion	• Estimated at $4.4 billion.
• Percentage of Albertans rating their health status as excellent or very good - continues to exceed the national average.	• The target was achieved as per self-reported health status.
• 97% of municipalities connected to the Internet and community network.	• 97% - on target. The remaining 12 municipalities have no interest in connecting to the Internet.
• Person-days lost due to workplace injury and illness continues to be ranked among the three lowest provinces in Canada.	• Data not available.
• The gap between Alberta police reported crime rate and national rate per 100,000 population reduced by 2%.	• Latest data indicates that the gap between property crime rates decreased by .22% while the gap for violent crime increased by 2.72%. A possible explanation is that Alberta has a younger, more mobile population than most other Canadian jurisdictions.

OBJECTIVE: **Develop a broadly based, versatile economy by further diversifying Alberta's economic sectors.**

TARGETS	RESULTS
• An Alberta value-added strategy developed and implementation initiated.	• Value-added strategy has been developed and implementation is being initiated.
• Increase the proportion of employment in Alberta's value-added manufacturing and professional, scientific, and technical services to 16.4% of total employment.	• Estimated at 16.1% - on target.

Economic Development Strategy

OBJECTIVE: **A collaborative approach to regional economic development that builds on regional goals, priorities and strengths.**

TARGETS	RESULTS
• 76% of users satisfied with information and advice received from the Regional Partnerships Initiative of Alberta Municipal Affairs.	• 95% satisfaction - target exceeded.
• Strengthen regional economic development alliances. **New measure** - 2.4 million population included in Regional Economic Development Alliances and Partnerships.	• 2.4 million population included - on target.
• Meet performance measures established in Action Plan. **New measure** - 75% of Regional Economic Development Alliances satisfied with Alberta Economic Development staff support.	• 75% satisfaction - on target.
• Increase government collaboration in Regional Economic Development Alliances (REDA). **New measure** - 10 provincial departments participating in REDA projects/initiatives.	• 10 provincial departments participating - on target.

OBJECTIVE: **A sufficient supply of skilled labour to meet Alberta's economic growth.**

TARGETS	RESULTS
• 90% of the population aged 25-34 have a high school education.	• 89% completion - on target.
• 58% of the population aged 25-34 have a post-secondary education.	• 58% completion - on target.
• 85% of employers are satisfied with the skills of post-secondary graduates.	• Survey is conducted every 2 years and the results are on target.
• The number of occupations with an unemployment rate of less than 3% is 22.	• Estimate of 22 occupations with unemployment rate less than 3%.
• The annual net population inflow to Alberta is 32,000.	• Population inflow estimated at 36,000 - above target. Alberta's strong economic performance is attracting in-migration.
• The labour force participation rate remains highest among all provinces in Canada.	• Highest inter-provincial ranking - on target.

Health Sustainability Initiative

In March 2002, the government announced the Health Sustainability Initiative as one of four priority cross-ministry initiatives for 2002-03, demonstrating a commitment to sustaining a publicly funded health care system that meets the needs of Albertans now and in the future. The initiative helps focus resources on critical policies and strategies that will affect long term savings and foster a more coordinated approach across ministries.

The health care system in Alberta is facing many pressures, including an increasing and aging population, increasing labour costs, and escalating costs for new drugs and technologies. Health consumes an increasing portion of government expenditures. In 1995-96, the budget for Alberta Health and Wellness was $3.7 billion; in 2002-03 the budget was $6.8 billion. This rate of increased spending on health care is not sustainable.

The report from the Premier's Advisory Council on Health provided government with a blueprint for reform. Targets in the first year of the Health Sustainability Initiative focused on implementing several of the Council's recommendations.

There have been several significant accomplishments in 2002-03 in support of the Health Sustainability Initiative:

- *Health Promotion Framework:* The framework was developed to focus resources on key targets; on what matters most in improving healthy behaviours, preventing injury and reducing chronic disease in order to achieve optimal health and wellness.
- *Healthy Aging and Seniors Wellness Framework:* The framework was developed to enhance the well-being of seniors and baby-boomers. It has four components: promoting health and preventing disease and injury, optimizing mental and physical functioning, managing chronic disease and engaging with life.
- *Healthy U Campaign:* A comprehensive 3-year campaign was launched to provide Albertans with current, evidence-based information about healthy choices and factors that influence health.
- *Active Living Strategy:* Encourages more active and healthier lifestyles; focuses on communities, schools, and workplaces.
- *Tobacco Reduction Strategy:* Tobacco taxes increased resulting in decrease in tobacco sales; government allocated $11.7 million to the Alberta Tobacco Reduction Strategy.
- *Early Childhood Development Initiative:* There was an increased focus on determinants of health. The initiative enhances community capacity to provide a range of health, social and learning programs and services for parents, families and children from preconception to age six.
- *Low Income Review:* Legislation was introduced in spring 2003 to focus on key elements such as more equitable social programs and a single, integrated support program for low income Albertans.
- *Forecasting Model for Continuing Care:* A reliable, coordinated forecasting model was developed to address the increasing need for long term care, supportive living and home care services.

Ten ministries and government entities participated in the first year of the Health Sustainability Initiative. As a result of the initiative, new partnerships were established and existing ones were strengthened. The achievement of all targets, as noted below, is an indication of the commitment of partnering ministries to work collaboratively toward a common vision. A firm foundation has been established for future work to achieve sustainability.

Health Sustainability Initiative

PURPOSE: To enhance the sustainability of the health care system now and in the future by strengthening collaboration and coordination across ministries.

RELATED GOVERNMENT BUSINESS PLAN GOALS:
Goal 1 - Albertans will be healthy.
Goal 5 - Albertans unable to provide for their basic needs will receive help.
Goal 12 - Alberta will have a financially stable, open and accountable government.

MINISTRY CHAMPIONS: Health and Wellness, Seniors, Finance

OBJECTIVE: **Collaborative government response to the recommendations in the Premier's Advisory Council on Health report that would benefit from a cross-ministry approach.**

Work collaboratively on recommendations related to health promotion/disease prevention, healthy aging, early childhood development and incentives to stay healthy. Address relevant barriers that may impede success of other recommendations, (for example, conflicting policies between Ministries), as identified by the PACH Implementation Team.

TARGETS	RESULTS
Health Promotion Framework	
• Policy framework developed by October 2002, with 10 year health objectives and targets for diabetes, obesity, physical activity, chronic heart and lung disease, substance abuse and accident injury.	• The framework was developed and implementation will be measured over the next 10 years to ensure targets are met.
Healthy Aging and Seniors Wellness Framework	
• Healthy Aging and Seniors Wellness Framework integrated into the Regional Health Authority 10-Year Continuing Care Service Plans due July 2002.	• The framework was developed and Regional Health Authorities will be required to integrate the framework into their 10-year continuing care service plan.
Early Childhood Development Initiative	
• Early childhood development indicators focused on the determinants of health, implemented by October 2002. • Early childhood development strategies integrated into the 2003-06 business plans of Ministries and Authorities.	• Three strategies and 16 related indicators and targets were developed. These will be integrated into appropriate Ministry and authority business plans and they will be required to report on progress on implementation.
Staying Healthy	
• Coordinated health education and information campaign developed by June 2002.	• A comprehensive 3-year campaign (Healthy U) was developed with Years 1 and 2 focusing on healthy eating and active living. Year 3 will focus on immunization.
• Non-financial health incentives for individuals and communities identified by September 2002.	• Incentives were identified and are linked to the 10-year health objectives, and have been incorporated into the health information campaign.
Low Income Review	
• Legislation introduced in spring 2003, to address the government direction in response to recommendations from the low income review.	• Legislation was introduced in spring 2003 enabling action on the government response to the Low Income Review.
• Other recommendations from the PACH referred by the Implementation Team that could benefit from cross-ministry collaboration, acted upon as appropriate.	• No items were referred by the team.

Health Sustainability Initiative

OBJECTIVE: **Develop joint strategic capital priorities that support health sustainability within available resources.**

Review funding alternatives for major health capital needs. Work with Health Authorities to update regional capital plans, including supportive living and long-term care plans, to ensure they identify operational implications and support provincial strategic priorities.

TARGETS	RESULTS
• Strategic capital priorities defined by June 2002.	• Six capital strategic principles were developed to ensure that government approval of health capital projects is consistent with health reform priorities and supports sustainability. The criteria used by government to rate health capital requests have been revised to reflect these new principles.
• Forecasts on future service needs for long-term care facilities and supportive living options coordinated between Ministries by December 2002.	• A model was developed that provides consistent figures for budget and long range planning.
• Barriers identified and plan developed by December 2002 to facilitate the expansion of supportive living options.	• Barriers were identified and strategies to expand supportive living options were developed.
• Alternative funding mechanisms reviewed for major capital health initiatives, including public/private partnerships, private sector funding and leasing strategies, by June 2002.	• A review was completed on the use of public/private partnerships in health sector capital projects. It identified opportunities for expanding private sector investment in health facility projects.
• The utilization and roles of existing facilities reviewed by fall 2002, in the context of the report from the Premier's Advisory Council on Health.	• A review was completed. There have been significant changes in the roles and utilization of facilities over the past several years. Opportunities were identified for further role changes consistent with reform initiatives, and improved overall utilization.

APPENDIX

Core Measures Methodology

LIFE EXPECTANCY AT BIRTH

Life expectancy estimates are calculated and published by Statistics Canada. The Alberta data are Alberta Health and Wellness estimates. The 95% confidence interval for Alberta life expectancy estimates is about +/- .3 years. International life expectancies are from the World Health Organization's World Health Report 2002, but represent 2001 data. Countries equal to or greater than a million were selected. Life expectancy estimates for smaller populations tend to be less reliable.

HEALTH STATUS

Data is collected through a telephone survey conducted for Alberta Health and Wellness of 4,000 randomly selected Alberta households. The question asked of Albertans 18 and over to seek self-reported health status is: "In general, compared with other people your age, would you say your health is excellent, very good, good, fair, or poor?" The confidence interval for this survey is 2 percentage points above or below the reported results.

WELL-BEING OF CHILDREN

The Market Basket Measure (MBM) is a measure of low income developed by Human Resources Development Canada in consultation with the provinces and territories. It estimates the cost of a specific basket of goods and services. The cost of the basket is referred to as the MBM threshold and people are considered to have low income if the family's disposable income is less than their MBM threshold.

The basket is calculated for a reference family of four (two adults and two children). To purchase the "market basket" the family must have sufficient disposable income to purchase nutritious food, buy clothing for work and social occasions, house themselves in their community, and pay for transportation and other expenditures. The costs of the items in the basket vary across the country and are adjusted for different family sizes and configurations.

Please note: preliminary data from 1996 and 1997 are not comparable to the MBM thresholds for 2000 due to differences in the composition of the basket.

EDUCATIONAL ATTAINMENT

Statistics Canada's Labour Force Survey collects information on the highest level of education achieved by various age groups. The population age group for this measure was 25-34 years old. The data reported are annual averages for the calendar year, compiled from monthly survey results.

Between 4,447 and 5,676 Alberta households were surveyed each month in 2002, with information provided on between 8,134 and 10,377 individuals each month. The coefficient of variation (the standard error as a percentage of the reported result) is 2.5% for the Alberta data and 1% for the Canadian total.

LITERACY AND NUMERACY LEVELS

Students normally take the Grade 9 provincial achievement tests at age 14 to 15. The results are based on the total enrolment of Grade 9 students.

Students achieving the acceptable standard demonstrate that they have met the grade level requirements for that subject. Provincial achievement tests reflect the curriculum and are developed with extensive involvement from classroom teachers, and input from other educators, business and community groups, to ensure that the standards reflect public expectations.

The standards are set for each test by a committee of teachers and are then held constant by statistical methods in subsequent years.

ECONOMIC STATUS OF ALBERTANS

SEE ABOVE WELL-BEING OF CHILDREN

ABORIGINAL WELL-BEING

The data on employment and educational attainment rates is taken from the 1991 and 1996 Canada Censuses, Custom 2B profiles prepared by Statistics Canada for Aboriginal Affairs and Northern Development (AAND). In accordance with contractual obligations, these custom profiles are not publicly available. The employment rate is the number of the working age population (15 years and over) that is employed divided by the total number of people of working age, expressed as a percentage. Educational attainment data is based on a series of questions asking respondents to identify the highest level of education they have completed. The percentages reported with "at least high school completion" include anyone with high school completion or a higher level of education (e.g., some post-secondary, post-secondary completion). The percentages reported with "post-secondary completion" include anyone with a trade certificate, post-secondary diploma or degree, and exclude those with some post-secondary education but no credentials.

Data on life expectancy is calculated and published by the Department of Indian Affairs and Northern Development (DIAND). Life expectancy is the expected years of life of a person born in the current year (assuming current conditions do not change). "Registered Indians" are persons with status within the meaning of the Indian Act, whose names appear on the Indian Register as maintained by DIAND. Information concerning the demographic characteristics of the Indian population is updated regularly by band officials and published for December 31 of each year.

Measuring progress and improvement within the Aboriginal population in general and by its component groups specifically i.e., First Nation, Metis and Inuit, is critically dependent upon securing accurate and timely data.

To date, Aboriginal population data sources have been limited to the Canada Census, which is only available every five years, and the post-censal Aboriginal Peoples Survey, which has only been undertaken twice, in 1991 and 2001. Aboriginal-specific data from both the 2001 Census and Aboriginal Peoples Survey were not available in time to include in *Measuring Up 2003*.

During the past year, AAND has worked with Alberta Human Resources and Employment and Statistics Canada to establish and incorporate Aboriginal specific "identifiers" within the monthly provincial Labour Force Survey. This two-year pilot project has been approved and an Aboriginal identifier was incorporated into the August 2002 survey process with data collection fully implemented in January 2003. Preliminary results are expected in September 2003. In addition, AAND worked with Alberta Learning: Apprenticeship and Industry Training, to incorporate an Aboriginal specific "identifier" into the Prior Learning Assessment data collection process. AAND is participating in the Alberta Learning Privacy Impact Assessment Project, which is evaluating the possibility of establishing an Aboriginal "identifier" in the school register process.

GROSS DOMESTIC PRODUCT

The three-year average annual growth rate is calculated using Alberta Economic Accounts and Statistics Canada GDP data. The growth rate for each year is calculated and the rates are averaged over a three-year period.

Alberta Economic Accounts estimates are based on data from various sources such as Statistics Canada. These estimates are revised as more recent and better data becomes available.

JOB GROWTH

Statistics Canada obtains information on employment growth as part of its monthly Labour Force Survey. Net employment growth is cumulative beginning in January 2000. Job growth is calculated on an annual average basis (12 month average) which is the standard method for tracking job growth.

SKILL DEVELOPMENT

This measure reports information from telephone surveys of employers conducted for Alberta Learning. In 2001-02 about 2000 Alberta employers responded to the survey, including about 1,000 who hired recent degree, diploma and certificate graduates. These surveys ask employers about their satisfaction with the skills graduates have obtained in Alberta's post-secondary system. The "satisfied" and "very satisfied" responses have been combined to calculate the percentage of satisfied employers. The confidence interval for the most recent results is 2.0 percentage points above or below the reported values.

BUSINESS INNOVATION

Business use of the Internet is measured by the percentage of households with at least one member who uses the Internet at work. Data for the measure is from Statistics Canada, Household Internet Use Survey, 2001.

VALUE-ADDED INDUSTRIES

The shares of provincial real GDP accounted for by the resource and manufacturing sectors are calculated using Alberta Economic Accounts 2001 data. The shares of real GDP accounted for by the knowledge-intensive industries are calculated using Statistics Canada's Provincial Economic Accounts 2002, which lists industry real GDP figures by the North American Industry Classification System (NAICS). The values of the primary resource sector (agriculture, fishing and trapping, forestry and mining), the manufacturing sector, and the knowledge-intensive industries are divided by total provincial GDP (at basic prices before statistical discrepancy) to determine each sector's contribution to the Alberta economy.

Last year, results for the core measure and supplemental information for resource processing and other manufacturing industries were based on factor cost in constant (1997) dollar estimates. This year, results for these measures are based on basic prices in chained (1997) dollar estimates. Alberta Economic Accounts estimates are based on the latest data from Statistics Canada. The industry estimates are based on projections using related indicators and are considered preliminary. The estimates could be revised if better indicators are found or if Statistics Canada revises the source data. The industry estimates of GDP (at basic prices) are based on 1999 Input/Output tables.

INFRASTRUCTURE CAPACITY

Alberta Transportation collects traffic volume data for Alberta primary highways. Traffic data is used to calculate the level of congestion based upon the United States Transportation Research Board's 2000 Highway Capacity Manual guidelines, the international standard for measuring highway capacity.

The definitions for levels of service are outlined below:

A Vehicles are almost completely unimpeded.

B Ability to maneuver within traffic is only slightly restricted.

C Freedom to maneuver within traffic is noticeably restricted.

D Freedom to maneuver is severely limited.

E Boundary between levels D and E describes operation at capacity. Virtually no usable gaps in traffic.

F Breakdown or bottleneck with queuing.

The National Highway System in Alberta consists of the rural sections of the North-South Trade Corridor, TransCanada Highway 1, Highway 2 (Fort Macleod to Edmonton and Falher to west of Peace River), Highways 3, 4, and 9, Yellowhead Highway 16, and Highways 35, 43, and 49 (Valleyview to Falher). The rural national Highway System excludes the urban and fringe segments of the above highways.

Prior to July 2002, estimates of total pipeline capacity were based on actual throughput data collected from Nova Gas Transmission Ltd. (NOVA) and Alliance Pipeline Ltd. As this data

is no longer available, Alberta Energy now collects throughput capacity data from NOVA and the National Energy Board, and uses the highest level of throughput over the past five years as a proxy for pipeline capacity.

Alberta Innovation and Science collects information from Alberta universities about their sponsored research funding from all sources using standard guidelines and templates in order to clarify and standardize reporting practices. Sponsored research includes funds to support research paid either in the form of a grant or by means of a contract from a source external to the institution.

PROVINCIAL CREDIT RATING

A blended rate is an average (rounded) of the domestic debt credit ratings issued by Standard and Poor's Rating Services, Moody's Investors Service Limited and Dominion Bond Rating Service.

ACCUMULATED DEBT

Accumulated debt includes the outstanding consolidated debt of the General Revenue Fund, the debt of the Alberta Social Housing Corporation (net of borrowings from the General Revenue Fund) and the government's liability for school construction debt.

GOVERNMENT ACCOUNTABILITY

This measure reports information from a telephone survey conducted from January 28 to February 4, 2003. 1,000 adults living in households across Alberta in rural and urban regions were asked the following question: "To the best of your knowledge, is Alberta's budget for this year operating at a deficit, that is spending more than it gathers in revenue, or at a surplus, that is spending less than it gathers in revenue?". The results are reliable to within 3.1%, 19 times in 20.

The results for 2001-02 may have been affected by the timing of the survey, which was conducted from March 27 to April 14 of 2002, just after Budget 2002 was tabled.

WORKPLACE CLIMATE

Human Resources Development Canada (HRDC) provides the number of person-days lost due to work stoppages for each of the 10 provinces in Canada. Strikes and lockouts involving federal government workers are excluded for inter-provincial comparison, but are included for the national rate. HRDC data include both legal and illegal strikes and lockouts.

For inter-provincial comparison of workplace injury and disease, HRDC provides an estimate of the person-days lost for each province based on the data it collects from the Workers' Compensation Board (WCB) in each jurisdiction. Changes to WCB legislation in some jurisdictions may result in variations among the data. The HRDC data include claims compensated during the reference year regardless of when the accident occurred or was reported. Injury and disease data are based on employees who are covered by the WCBs. Therefore, injury and disease data for groups such as agricultural workers are not collected. Collection of this data by HRDC has been suspended indefinitely, therefore 1999 is the latest year for which inter-provincial data are available.

For the Alberta-specific time series of person-days lost to injury and disease, data are provided directly from the Alberta WCB, based on claims submitted by its clients. The Alberta WCB data include claims compensated in the reference year and up to three months after the reference year.

Data from Statistics Canada Labour Force Survey and Public Institutions Division are used to calculate the person-days worked. The number of non-agricultural paid workers (less federal employment) is converted into person-days worked using the standard of 20.89 working days per month. The number of person-days lost is divided by person-days worked and multiplied by 10,000 to obtain the rates.

EXPORT TRADE

Alberta Economic Development (AED) uses Statistics Canada data to monitor the value of goods exported to other countries. Statistics Canada prepares the data monthly and publishes

it in Canadian International Merchandise Trade. Alberta's international value-added exports include manufactured goods, tourism and other services measured in current dollars.

The total value of Alberta's international exports is equivalent to Statistics Canada's published numbers. However, the industry specific values differ because industry definitions are specific to AED but are based on Statistics Canada classifications, i.e., 'agriculture', 'mining', and 'manufacturing and other'. Tourism estimates are also obtained from Statistics Canada. Estimates for other services are developed in-house by AED, based on various Statistics Canada surveys.

CRIME RATE

Crime is defined as the total number of Criminal Code of Canada incidents involving youth and adults. Violent crime involves offences that deal with the application, or threat of application of force to a person. These include homicide, attempted murder, various forms of sexual and non-sexual assault, robbery and abduction. Traffic incidents that result in death or bodily harm are not included. Property crime includes incidents involving unlawful acts with the intent of gaining property but do not involve the use or threat of violence against an individual. Theft, breaking and entering, fraud and possession of stolen goods are examples of property crimes.

Crime statistics are collected using the Uniform Crime Reporting Survey, a common survey used to measure police-reported crime in each Canadian jurisdiction. Crime rates may vary owing to differences in the jurisdiction's enforcement methods, charging practices and available diversion programs. Population data from Statistics Canada is used to convert reported crime into crime rates per 100,000 population.

Data for the public perception of safety in the neighbourhood is collected through a telephone survey conducted for Alberta Justice and Alberta Solicitor General. Consistent with surveys in previous years, 750 Albertans were interviewed, thereby providing a margin of error that is no greater than 3.6% at the 95% confidence level.

RENEWABLE RESOURCE SUSTAINABILITY

Timber sustainability compares the annual timber harvest with the long-term sustainable annual allowable cut (AAC) as set by the province within the Green Area. The Green Area is primarily the unsettled portion of the province defined as lands not available for agricultural development other than grazing. The AAC is the amount of timber that can be harvested on a sustainable basis within a defined planning area. (AAC is determined on either an individual forest management unit or specific forest management agreement area basis). Forest management strategies also take into account other forest uses outside of timber production.

Annual allowable cut is established taking into consideration factors such as forest inventory, growth rates, changes to reserved areas, regeneration success, natural mortality, and the impact of fire and insects/disease.

Data from the Timber Production Reporting System is used to determine the harvest level. Certain volumes are not included in the harvest level for the purpose of comparability to the AAC. For example, fire salvage is not included in harvest level because it does not contribute to AAC.

Yearly harvest levels may be greater than the annual allowable cut, but harvest levels cumulated over the five-year period (sum of harvest over a five-year period) should not exceed the annual allowable cut within each planning area (expressed as five times the planning area AAC). All Alberta timber dispositions greater than one year in term are balanced over five-year periods. In the case of coniferous quotas (30% of Green Area conifer annual allowable cut), these five-year periods are called quadrants. Quota holders have the flexibility to harvest any or all of quadrant allowable cut (five years times their annual allotment) in any one-year or combination of years within that quadrant. Similarly, forest management agreement holders, who make up 61% of the Green Area conifer annual allowable cut, utilize five-year cut control periods. As a result of the flexibility allowed to quota and forest management agreement holders, harvest

levels and annual allowable cuts are compared on a five-year rolling average basis.

Comparative data may change between reporting years primarily as a result of production audits that are carried out at the conclusion of each five-year planning period.

There is a one-year delay in the reporting of this data; the reported AAC for 2001-02 represents the approved AAC upon conclusion of the fiscal year (April 2002). In some cases, revisions are made to the approved AAC in previous years, but these revisions have not been reflected in the published results.

Crop yields are collected by the Agriculture Division of Statistics Canada and Alberta Agriculture, Food and Rural Development for the various crops and are converted to a standard base of tonnes per acre of wheat.

WATER QUALITY

Monthly water quality samples are collected at two locations for each of the province's six major river systems. An index value is calculated for each of four variable groups based on data collected between April and March, representing both a fiscal and a "water" year:

- Metals (up to 22 variables measured quarterly);
- Nutrients (6 variables measured monthly, includes oxygen and pH);
- Bacteria (2 variables measured monthly); and
- Pesticides (up to 17 variables measured four times through the summer).

Index values for the four variable groups are then averaged to produce an overall index of surface water quality that can be tracked over time.

The formula used to calculate index values for each group is based on three statistical attributes of water quality with respect to desirable levels (defined by water quality guidelines in most cases):

- Scope - the total number of water quality variables that do not meet guidelines;
- Frequency - the number of individual measurements for all variables combined that do not meet guidelines; and
- Amplitude - the amount by which measurements do not meet guidelines.

Variables in the first three groups (metals, nutrients and bacteria) are compared to guidelines listed in Surface Water Quality Guidelines for Use in Alberta. Where a number of guidelines exist for one variable, the guideline for the most sensitive use (recreation, agriculture, or the protection of aquatic life) is chosen. Drinking water guidelines are not considered, since surface water should not be used for drinking without first being treated.

Variables in the fourth group (pesticides) are evaluated based on whether or not they can be detected in a water sample. This conservative approach was adopted because some pesticides do not yet have official guidelines and, unlike metals, nutrients and bacteria, do not occur naturally in the environment.

AIR QUALITY

The measure is based on data collected from nine continuous monitoring stations across the province - three stations in both Edmonton and Calgary, and one station in each of Red Deer, Fort McMurray and Fort Saskatchewan. The data from these stations is used to calculate the Index of Quality of Air (IQUA) every hour.

This index associates concentrations of five major air pollutants to provincial air quality guidelines. Outdoor concentrations of carbon monoxide, dust and smoke, nitrogen dioxide, ozone and sulphur dioxide are converted to an IQUA number. This number is used to determine whether the quality of the air is Good, Fair, Poor or Very Poor. These categories are derived using formulas based on air quality guidelines of the *Environmental Protection and Enhancement Act* and the National Air Quality Objectives.

LAND QUALITY

Crop yields are collected by the Agriculture Division of Statistics Canada and Alberta Agriculture, Food and Rural Development for the various crops and are converted to a standard base of tonnes per acre of wheat.

HERITAGE APPRECIATION

The satisfaction level of "independent" visitors at provincially-owned historic sites, museums and interpretive centres is determined through Alberta Community Development's Heritage Facilities Visitor Survey. Independent visitors do not include after-hours visitors nor visitors in group tours, such as school groups, seniors groups and tour groups. Trained ministry field staff conduct the survey, and results are analyzed by Infact Research and Consulting, Inc. Overall results are determined on the basis of the combined response categories of "Excellent" and "Good" in relation to visitors' rating of their satisfaction with their visit to a provincially-owned historic site, museum or interpretive centre. A margin of error for a stratified probability sample of the size used is +/- 1.3% at the 95% level of confidence. In total 5,567 interviews were processed. Summer data was collected from May to September 2002. Winter data was collected the previous year (September 2000 to May 2001) and adjusted to represent the winter of 2002. Surveying during winter is conducted on an occasional basis only, as the winter period makes up a relatively small proportion of visitation.

The satisfaction level of visitors at provincial parks and recreation areas is determined through Alberta Community Development's Camper Satisfaction Survey. The survey includes a representative cross-section of 105 provincial park or recreation area campgrounds according to size (visitation) and geography. Only automobile accessible campgrounds where visitation is greater than 1,050 occupied campsite nights were included. A random sample of adult campers is surveyed at approximately 35 campgrounds per year on a 3-year rotational cycle resulting in 5,336 interviews. Each of the 105 campgrounds will be surveyed at least once every 3-year cycle. Overall results are determined through the combined response categories of "Very Good" and "Good" in relation to visitors' rating of their overall satisfaction with the quality of services and facilities provided. The survey data was collected from May to September 2002. A margin of error of +/- 1.4% at the 95% confidence level was used.

INTERGOVERNMENTAL RELATIONS

Environics Research Group Ltd. conducts a quarterly national opinion poll surveying the views of Canadians regarding the performance of their provincial and federal government in various areas of governance. The results are reported in the Focus Canada Report. Albertans are specifically asked to rate their approval or disapproval of the way the Government of Alberta is handling federal-provincial relations. The average of the four quarterly surveys shows the percentage of Albertans approving of the government's yearly performance. These results are compared to the average approval rating of the citizens of four other provinces (British Columbia, Saskatchewan, Manitoba and Ontario) for the federal-provincial performance of their respective governments.

The supplemental data is derived from the average of four quarterly approval ratings within each province and a national measure for the federal government.

The margin of error for a stratified probability sample of the size used for the survey is +/- 2.2 percentage points, 19 times out of 20. The approximate margin of error is greater for results pertaining to each of the provinces. For the December 2002 survey, the margin of error for each of the provinces is; Ontario (4.1), Manitoba (8.5), Saskatchewan (8.8), Alberta (6.8) and British Columbia (6.4), 19 times out of 20.

Readership Survey

The Government of Alberta Annual Report combines government's non-financial performance assessment, Measuring Up, with Alberta's Consolidated Financial Statements to give a more complete picture of the province's economic, social and financial position in one publication.

How useful is this report to you?

This Readership Survey will tell us how important and how valuable you find the two parts of this report. Please read each statement and choose the option that best indicates your level of satisfaction.

You can complete this survey online at www.finance.gov.ab.ca or remove this sheet from the Annual Report and fax it to Performance Measurement at (780) 422-2164 (toll free in Alberta by dialing 310-0000 then 780-422-2164. The readership survey can also be mailed to:

Performance Measurement
Room 455, Terrace Building
9515-107 Street
Edmonton, Alberta, Canada T5K 2C3

CONSOLIDATED FINANCIAL STATEMENTS

Based on your reading of the *Consolidated Financial Statements*, indicate how satisfied you are that...

1. The information in the *CFS* is easy to understand.

___Very Unsatisfied ___Unsatisfied ___Somewhat Unsatisfied ___Somewhat Satisfied ___Satisfied ___VerySatisfied

2. The information in the *CFS* is useful.

___Very Unsatisfied ___Unsatisfied ___Somewhat Unsatisfied ___Somewhat Satisfied ___Satisfied ___VerySatisfied

3. There is enough detail for me in the *CFS*.

___Very Unsatisfied ___Unsatisfied ___Somewhat Unsatisfied ___Somewhat Satisfied ___Satisfied ___VerySatisfied

4. The *CFS* meets my overall needs for information.

___Very Unsatisfied ___Unsatisfied ___Somewhat Unsatisfied ___Somewhat Satisfied ___Satisfied ___VerySatisfied

MEASURING UP: THE PERFORMANCE MEASUREMENT REPORT

Based on your reading of 2002-03's *Measuring Up*, indicate how satisfied you are that...

1. The information in *Measuring Up* is easy to understand.

___Very Unsatisfied ___Unsatisfied ___Somewhat Unsatisfied ___Somewhat Satisfied ___Satisfied ___VerySatisfied

2. The information in *Measuring Up* is useful.

___Very Unsatisfied ___Unsatisfied ___Somewhat Unsatisfied ___Somewhat Satisfied ___Satisfied ___VerySatisfied

3. The level of detail for me in *Measuring Up*.

___1. Too little ___2. ___3. Adequate ___4. ___5. Too much.

4. *Measuring Up* meets my overall needs for information.

___Very Unsatisfied ___Unsatisfied ___Somewhat Unsatisfied ___Somewhat Satisfied ___Satisfied ___VerySatisfied

5. Which of the following would be the most useful improvements to *Measuring Up*.

___more interpretation of indicators ___more international comparisons ___more information on government strategies

___more information on domestic trends ___better graphics and illustrations ___other (please specify)_____

SUGGESTIONS FOR IMPROVEMENTS

Your opinion is important to us. But to improve our report, we need more information. Please use the space below to tell us how to make these reports easier to understand and more useful to you.

The *Consolidated Financial Statements* can be improved by:

Measuring Up can be improved by:

View the Government of Alberta Annual Report online at: **http://www.finance.gov.ab.ca**

For additional copies of the *Government of Alberta Annual Report* contact:

Alberta Finance Communications at (780) 427-3035

Toll free from anywhere in Alberta, callers should dial 310-0000-780-427-3035

Comments or questions on *Measuring Up* may be sent to:

Alberta Finance

Performance Measurement

Room 455, Terrace Building

9515 - 107 Street

Edmonton, Alberta

T5K 2C3

Fax to (780) 422-2164

To fax toll free from anywhere in Alberta, dial 310-0000-780-422-2164

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